

TRANSCRIPT OF RECORD

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1925

No. 254

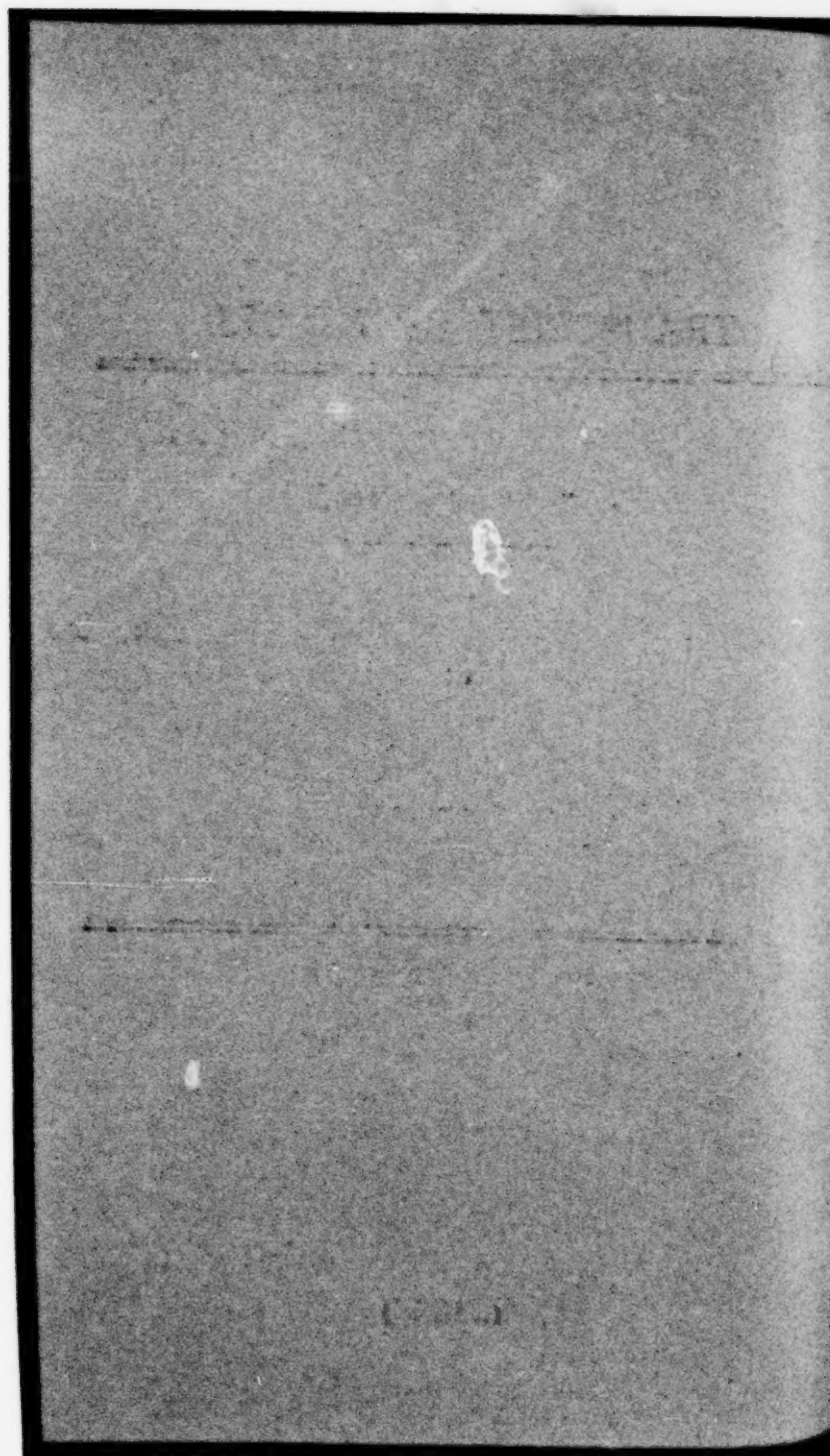
THE UNITED STATES OF AMERICA, APPELLANT

**vs.
INTERNATIONAL HARVESTER COMPANY, INTERNA-
TIONAL HARVESTER COMPANY OF AMERICA, INTER-
NATIONAL FLAX TWINE COMPANY**

**APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR
THE DISTRICT OF MINNESOTA**

FILED NOVEMBER 11, 1925

(21507)



SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1925

No. 843

THE UNITED STATES OF AMERICA, APPELLANT

VS.

INTERNATIONAL HARVESTER COMPANY, INTERNA-
TIONAL HARVESTER COMPANY OF AMERICA, INTER-
NATIONAL FLAX TWINE COMPANY

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR
THE DISTRICT OF MINNESOTA

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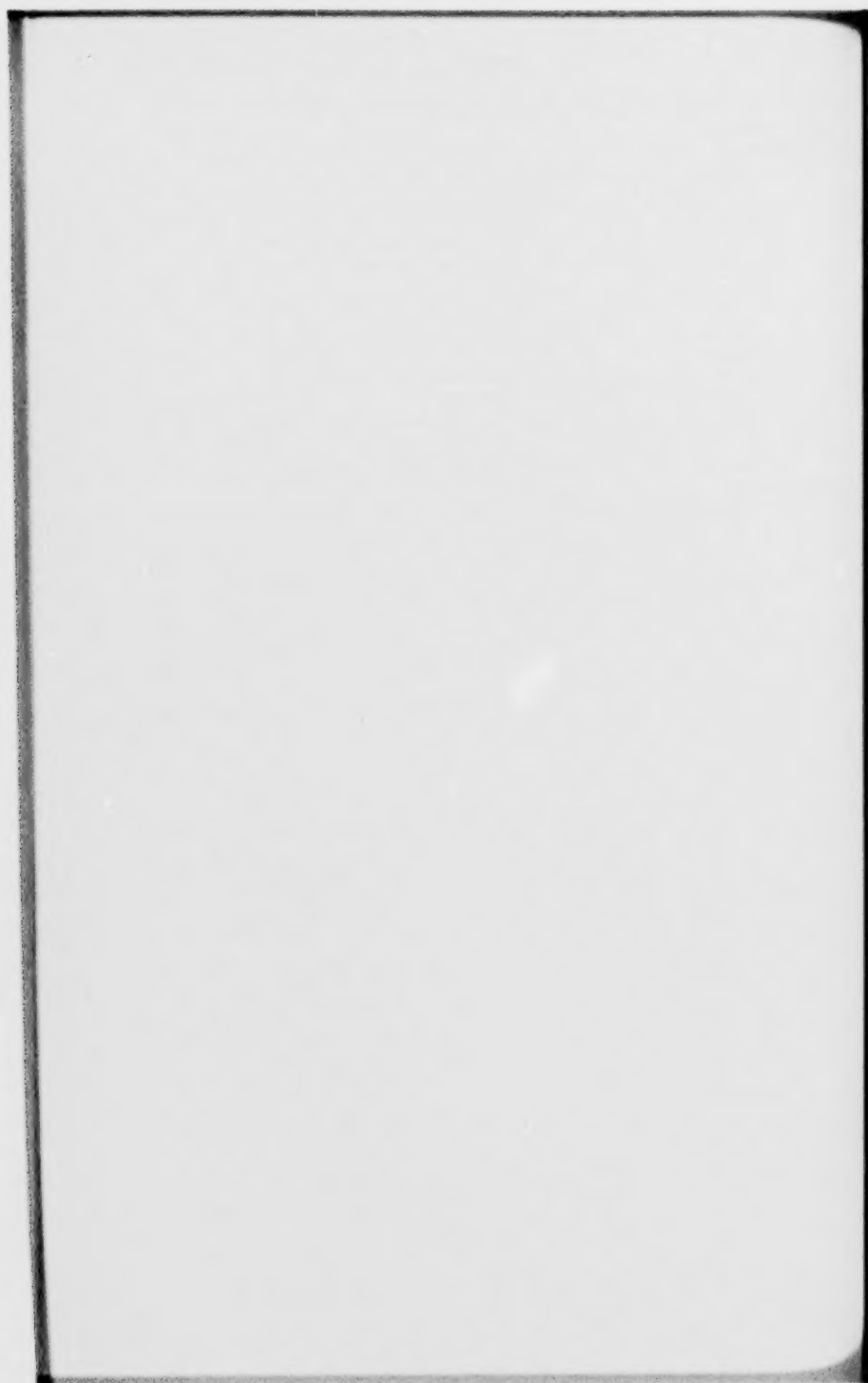
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In United States District Court, District of Minnesota, Third
DivisionTHE UNITED STATES OF AMERICA, PETITIONER
v.INTERNATIONAL HARVESTER COMPANY, INTERNATIONAL
Harvester Company of America, International Flax
Twine Company, Wisconsin Steel Company, The
Wisconsin Lumber Company, Illinois Northern Rail-
way, The Chicago, West Pullman & Southern Rail-
road Company, Cyrus H. McCormick, Charles
Deering, James Deering, John J. Glessner, William
H. Jones, Harold F. McCormick, Richard F. Howe,
Edgar A. Bancroft, George F. Baker, William J.
Louderback, Norman B. Ream, Charles Steel, John
A. Chapman, Elbert H. Gary, Thomas D. Jones,
John P. Wilson, William L. Saunders, George W.
Perkins, defendants.In Equity,
No. 624*Supplemental Petition*

Filed July 17, 1923

To the honorable judges of the above-named court, sitting in equity:

Comes now the United States of America, petitioner in the above
entitled cause, by Lafayette French, jr., its attorney in and for
the District of Minnesota acting under the direction of the At-
torney General of the United States, and files this supple-
mental petition in equity in accordance with paragraph (e) of the
final decree entered herein November 2, 1918, for the purpose of
securing such further relief in this cause as shall be necessary to
restore competitive conditions in the interstate business in harvesting
machines and other agricultural implements and bring about a situ-
ation in harmony with the law.

I

SUMMARY OF THE ORIGINAL PETITION

On April 30, 1912, the petitioner filed in this court its original
petition against the above-named defendants, charging that said
defendants were engaged in a combination and conspiracy in re-
straint of interstate trade and commerce in agricultural implements
and machines, more especially harvesting machines and binder twine,
and were attempting to monopolize and had monopolized such inter-
state trade and commerce, in violation of the act of Congress ap-
proved July 2, 1890, entitled "An act to protect trade and commerce
against unlawful restraints and monopolies."

So far as pertinent, said original petition may be summarized as follows:

Before 1902 the aggregate output of five separate concerns manufacturing and selling harvesting machinery and twine, including binders, mowers, reapers, rakes, etc., amounted to over 85 per cent of all the harvesting machinery and more than 50 per cent of all the binder twine produced and sold in the United States. These

concerns were McCormick Harvesting Machine Company, an
6 Illinois corporation, with plants located at Chicago, Illinois;

the Deering Company, a copartnership, with factories at Chicago, Illinois; the Plano Manufacturing Company, an Illinois corporation, with factories at West Pullman, Illinois; Warder, Bushnell & Glessner Company, an Ohio corporation, with factory at Springfield, Ohio; and Milwaukee Harvester Company, a Wisconsin corporation, with factory at Milwaukee, Wisconsin.

Each of the five—independent and in unrestrained competition with all others likewise engaged—had established a successful, profitable, and expanding business. All these companies sold and shipped their machines generally throughout the United States, and so were engaged in commerce among the several States in harvesting machinery and twine within the meaning the act of July 2, 1890, known as the Sherman Law.

In July, 1902, defendants Cyrus H. McCormick, Charles Deering, John J. Glessner, William R. Jones, George W. Perkins, and others, nearly all of whom were owners, officers, directors, stockholders, and agents of the five concerns above named, believing combination would yield large profits, determined to bring it about, destroy existing competition among the five concerns, and through combinations and agreements in restraint of trade to exclude all others, secure control of and monopolize interstate trade and commerce in harvesting machinery and twine. They further determined that
7 when they had accomplished the purpose just mentioned they should expand into other lines of agricultural machinery and finally monopolize interstate trade and commerce in agricultural machinery of all kinds, their purpose being to use the power obtained by a monopoly of trade in harvesting machinery in such a way as to acquire a similar monopoly in other classes of agricultural machinery.

The combination was to take the form of a corporation to be created under the law of such State as permitted to its corporations the widest powers, to which corporation the five concerns named above were to transfer all their property and business as going concerns; the individuals who owned and controlled these concerns were to receive as the consideration for such transfer shares of the capital stock of the new corporation and no other consideration. Thereafter this corporation was to carry on as one business the business of the five concerns which had theretofore been competing.

Accordingly in July, 1902, with the unlawful objects and purposes just mentioned, the McCormick Harvester Company, the Deering Company, the Plano Manufacturing Company, and Warder, Bushnell & Glessner Company executed with one W. C. Lane identical preliminary agreements to transfer their properties to Lane, selected by the parties as a mere conduit to the corporation which was to be the ultimate purchaser.

About the same time certain of the defendants, or others acting for the defendants, secured an option to purchase the plant, business as going concern, and capital stock of the Milwaukee Harvester Company.

The preliminary agreements referred to provided, among other things, that W. C. Lane, upon the acquisition of the properties, should sell them to a corporation thereafter to be organized; 8 that the purchase price to be paid by Lane to each of the four vendor companies was to be payable in full-paid and nonassessable shares of the capital stock of the purchasing company, taken at par; that the new company was to have such corporate title, capital stock, organization, by-laws, directors, and committees as should be approved by J. P. Morgan & Company; that the amount of the capital stock was to be determined after the ascertainment of the aggregate value of all its assets; that the purchase was to take effect some day in September, 1902, and the performance of the contract completed prior to January 1, 1903; that the charter was to provide that the stockholders might enter into a voting trust; that the vendors should deposit with three trustees in a voting trust the stock of the purchasing company received as consideration for the conveyances, the trust to continue 10 years and the voting trustees to issue stock trust certificates to the real owners of the shares.

Accordingly, on August 12, 1902, the individuals and companies named caused to be incorporated the International Harvester Company under the laws of New Jersey with \$120,000,000 capital stock, all the certificates of which were issued to W. C. Lane, who, on August 13, 1902, delivered them to three voting trustees, George W. Perkins, Cyrus H. McCormick, and Charles Deering, in trust for the individuals who had owned and transferred the properties of the four concerns to Lane, which properties were immediately conveyed to the new company. Meanwhile the option on the prop- erty and business of the Milwaukee Harvester Company was 9 exercised, that property was conveyed to Lane on July 28, 1902, and subsequently by him transferred to the International Harvester Company, the new company.

The stock of the new company was allotted and received as follows (the same, however, being delivered to the voting trustees and the real ownership thereof thereafter evidenced by stock trust certificates):

The total stock issued was \$120,000,000. Of this stock, \$53,400,000 was apportioned among the owners of the McCormick, Deering,

Warder, Bushnell & Glessner, and Plano companies, in consideration of the transfer by each company of all its real estate, factories, plants, buildings, improvements, machinery, patterns, tools, apparatus, fixtures, patents, inventions, devices, patent rights, licenses, trade-marks, trade names, and good will of all and singular said property as a going concern, and supplies, products, and materials on hand, pending contracts, railroad equipment, as well as all other property of the vendor appertaining to the vendor's business, except bills and accounts receivable.

Stock in the amount of \$40,000,000 was apportioned among the owners of the McCormick, Deering, Plano, and Warder, Bushnell & Glessner companies in consideration of the assignment by the vendor companies to the purchasing company of bills and accounts receivable, of like amounts, guaranteed by the vendors, or for cash.

Stock in the amount of \$3,148,196.66 was issued to J. P. Morgan & Company, of New York, who had paid that amount in cash to secure the property of the Milwaukee Harvester Company, 10 which was conveyed to the International Harvester Company, as stated above.

Stock in the amount of \$3,451,803.34 was issued to J. P. Morgan & Company for services rendered and for legal expenses.

Stock in the amount of \$20,000,000 was issued at par for cash, the subscribers being in large part owners of or persons interested in the four conveyor concerns named above.

In January, 1907, after an amendment of the articles of incorporation, the capital stock of the International Harvester Company was divided into two classes, \$60,000,000 cumulative 7 per cent preferred and \$60,000,000 common. In 1910 the issued capital stock was increased to \$140,000,000 by the declaration of a stock dividend of \$20,000,000 on the common stock, this being a dividend of $33\frac{1}{3}$ per cent.

Practically all of the officers and directors of the newly formed International Harvester Company formerly owned an interest in and participated in managing one of the merged companies and were selected according to a prearranged plan.

The International Harvester Company was incorporated as an instrumentality to effect the unlawful purposes of defendants, as a means of destroying competition, or unlawfully combining and confederating a number of independent manufacturers, dealers in and distributors of harvesting machinery, tools, and implements, and binder twine, and of creating a monopoly in interstate commerce therein.

Having in the ways and for the purposes described acquired the five old concerns, the International Harvester Company began 11 and has continued to operate and control all their affairs in concert and agreement; and that corporation then became and with added acquisitions has ever since been itself a combination in restraint of trade and commerce between the States.

After the Milwaukee Harvester Company had conveyed its properties to the International Harvester Company, its capital stock was transferred to the three voting trustees in trust for the stockholders of the International Harvester Company, and its name was changed to International Harvester Company of America. Said International Harvester Company of America then concluded with the International Harvester Company an exclusive contract for the sale in the United States of the entire output of the latter. The America company thereupon became the mere selling agent of the Harvester Company. It buys and sells at prices fixed by the parent company. In fact, the America company is a mere bookkeeping arrangement, given the form of a corporate entity, with a small capitalization, for the purpose of enabling the parent company to do business in States from which it is debarred by reason of its huge capitalization.

In January, 1903, in pursuance of the general purpose of defendants, the International Harvester Company acquired the capital stock and plant of the D. M. Osborne & Company, a New York corporation, with a plant at Auburn, New York. Among the assets of the Osborne Company defendants acquired the plant and business of the Columbian Cordage Company. The Osborne Company was the largest competitor of the International Harvester Company, manufacturing, selling, and distributing harvesting machines, twine, and tillage implements in competition with it. For two years after said acquisition the International Harvester Company concealed and denied its association with the Osborne Company. This was in pursuance of defendants' policy, by disguising ownership, to use controlled companies to break down competition and secure for themselves the benefit of public sentiment against combinations.

In the early part of 1903, in pursuance of their general purpose, defendants, through the International Harvester Company, acquired control of the Aultman Miller Company, engaged at Akron, Ohio, in interstate commerce in harvesters, mowers, and twine, selling and distributing its products through the United States. By agreement of the defendants and the parties interested, a new company, the Aultman Miller Buckeye Company, an Ohio corporation, was organized, which took over the plants and business as a going concern of the Aultman Miller Co. This company, by agreement with defendants, for a long time concealed and denied association with them and advertised itself as independent and was used by defendants as an instrument to cripple opponents, with the view of driving them out of business and of destroying competition. In 1906 the International Harvester Company acquired from the Aultman Miller Buckeye Company all its business, paying therefor cash. Defendants long since abandoned the manufacture of harvesting machinery at the plant at Akron, Ohio, which was closed. Thereafter the International Harvester Company entered upon the manufacture

of new lines at that plant—namely, autobuggies and tractors. The making of the "Buckeye" mowers and harvesting machinery
13 formerly made by the Aultman Miller Company was discontinued.

In the early part of 1903, in pursuance of their general purpose, defendants, through the International Harvester Company, acquired, by purchase of the Grass Twine Company, control of the stock and business of the Minnie Harvester Company, successor of the Minneapolis Harvester Company, long engaged at St. Paul, Minn., in the manufacture of harvesters and twine, selling and distributing its products in interstate commerce throughout the United States. Thereafter by agreement of the defendants, the Minnie Harvester Company for a long time concealed and denied association with them and advertised itself as independent, in pursuance of the policy of defendants, by disguising ownership to use controlled companies to break down opposition and secure for themselves the benefit of the sentiment against combinations. In the latter part of 1905 the International Harvester Company acquired by conveyance the business as going concerns of the companies named above, and thereupon the plant of the Minnie Company was dismantled as a manufactory of binders and mowers and subsequently converted into a manufactory of twine; defendants discontinued the manufacture and sale of the "Minnie" binders and mowers.

In the early part of 1903, in pursuance of the general purpose of defendants, the International Harvester Company acquired control of the Keystone Company, an Illinois corporation with a plant at Sterling, Ill., long engaged in the manufacture and sale of harvesting machinery, and particularly hay tools and mowers, shipping and distributing these articles throughout the United
14 States. At that time, by agreement of defendants, certain officers of the International Harvester Company purchased for cash all but a few shares of the stock of the Keystone Company and thereafter operated that company as an independent company, falsely advertising and holding it out to be independent of any trust or combine, in order that by disguising ownership defendants might use it as an instrument to cripple opponents, with the view of driving them out of business and of destroying competition.

In September, 1903, the International Harvester Company acquired, by conveyance from the Keystone Company, all the business of the latter as a going concern. The plant of the Keystone Company was at once abandoned and dismantled as a manufactory of hay tools and mowers. It was subsequently utilized for the manufacture of tillage implements and new lines. The making of the "Keystone" binders and mowers was discontinued by defendants.

Prior to August, 1902, the five concerns which combined in the formation of the International Harvester Company, as hereinbefore described, and the other companies thereafter acquired by defendants, were buying their necessary raw materials, iron, steel,

lumber, etc., in interstate commerce in competition with each other. Thereafter all such necessary raw materials were purchased by a single organization in different places in the United States and then shipped to the several plants or works of the International Harvester Company, located as hereinafter described.

15 In 1905, in pursuance of their general purpose, defendants, through the International Harvester Company, organized the Wisconsin Steel Company, a Wisconsin corporation, with capital stock of \$1,000,000, all of which is owned by the International Harvester Company. This company preserves a separate organization, but its directors have at all times been elected by defendants, and its policy is controlled and directed by them. It operates under leases iron-ore lands in Wisconsin, Minnesota, and Michigan, owns and operates coal lands and mines in Kentucky, blast furnaces for the production of pig iron at South Chicago, Ill., and steel mills and rolling mills at South Chicago and Chicago, where it produces ingots, billets, blooms, finished bars and shapes. It is engaged in interstate commerce, selling its products above mentioned to defendants and others and shipping the same from the places of production to the plants and works of defendants hereinafter enumerated under Paragraph IX.

In 1905, in pursuance of their general purposes, defendants, through the International Harvester Company, organized the Wisconsin Lumber Company, a Wisconsin corporation, capital stock \$250,000, all of which is held by the International Harvester Company. This company preserves a separate organization, but its directors have at all times been elected by defendants, and its policy is controlled and directed by them. It is engaged in interstate commerce, selling lumber and the products thereof to defendants and shipping the same from Missouri and Mississippi to the plants and works of defendants hereinafter enumerated under Paragraph IX.

16 The defendants, Wisconsin Steel Company and Wisconsin Lumber Company, are used by defendants as means and instrumentalities to eliminate competition and in pursuance of the general purposes hereinabove described.

In pursuance of their general purposes, defendants in 1903, through the International Harvester Company, acquired all the capital stock, \$500,000, of the Illinois Northern Railway, an Illinois corporation. The Illinois Railway is a switching company, organized in 1901 by the McCormick Harvesting Machine Company, owning or leasing some twenty-five miles of trackage upon which are situated the plants of the International Harvester Company and other industries at Chicago.

In pursuance of their general purposes, defendants in 1903, through the International Harvester Company, acquired all the capital stock, \$100,000, of the Chicago, West Pullman & Southern Railroad Company, an Illinois corporation. This railroad company

is a switching company operating some twenty-four miles of tracks, owned or leased, upon which are situated plants and works of the Wisconsin Steel Company and the International Harvester Company at West Pullman, Illinois, and other industries.

Prior to 1904 these railroads were used by defendants as a means to obtain undue preferences from trunk lines connecting therewith, among other ways, by persuading and inducing such connecting railroads to allow to these switching companies excessive divisions on through rates on traffic, principally harvesting machines.

In August, 1905, defendants, in pursuance of their general
17 purpose, through the International Harvester Company, organized defendant, the International Flax Twine Company, a Minnesota corporation, capital stock \$250,000, and thereafter, by means of said Minnesota corporation, engaged in a further extension of the business of the defendants of manufacturing and selling binder twine. To it was conveyed the plant of the Grass Twine Company at St. Paul—purchased by the defendants in the manner hereinbefore described—all the products of defendant, the International Harvester Company of America, which then sells them throughout the United States in the same manner that it sells and distributes the products of the International Harvester Company. Defendant, International Flax Twine Company, is being used by defendants as an instrumentality in accomplishing the unlawful purposes of monopolization previously described.

In the beginning the only business of the International Harvester Company was the manufacture and sale of grain harvesters or binders, and mowers, reapers, rakes, and twine, and corn harvesters, corn huskers, shredders and shockers, the principal lines being grain binders, mowers, and rakes—the same as that carried on by the companies whose plants, business, and assets it acquired upon its formation; but from year to year many other agricultural machines, implements, and tools have been added, so that to-day it is manufacturing and selling all classes—tillage implements, seeding implements, harvesting machines, threshing machines, and wagons, manure spreaders, gasoline engines, cream separators, autobuggies, automobiles, tractors, cultivators, drills, tedders, seeders, hay loaders,

hay presses, sweep rakes, stackers, trucks, etc., all in pursuance
18 of the unlawful purpose to monopolize trade hereinbefore described.

At least 90 per cent of the harvesters or grain binders and 75 per cent of the mowers and over 50 per cent of the binder twine annually produced and sold in the United States are the product of the International Harvester Company and are sold through the International Harvester Company of America as herein described. There are only three or four manufacturers of harvesting machinery in the United States other than the International Harvester Company. These, in comparison with it, are small, and as their business does not embrace the entire United States, in many sections of the country the International Harvester Company has a complete monopoly

of harvesting machinery. In other lines of agricultural implements the percentage controlled by it is less, but the varieties and relative quantities of these have increased rapidly, so that, considering agricultural implements of every kind, other than harvesting lines, its output amounts to over 30 per cent of the whole.

The opportunities for any new competitors are constantly being closed by defendants in all lines of agricultural implements; the agencies for distribution, the retail implement dealers, and others are rapidly coming under their undisputed control, and unless prevented and restrained, their complete unchallenged dominion of every branch of trade and commerce in agricultural implements of all kinds may be confidently expected at an early date.

19 Said original petition prayed that the combination and each of the elements composing it be adjudged illegal under the Sherman law; that the court adjudge the International Harvester Company to be a combination in restraint of trade in harvesting and agricultural machinery, a restraint, and an attempt to monopolize and a monopolization thereof; that the International Harvester Company be adjudged an unlawful instrumentality operated and maintained for the purpose of carrying into effect the illegal purposes of the combination; that the court by way of injunction restrain the movement of the products of the International Harvester Company of America in interstate commerce, or, if the court should be of opinion that the public interests will be better subserved thereby, that receivers be appointed to take possession of all the property, assets, business, and affairs of said combinations, and wind up the same, and otherwise take such course in regard thereto as will bring about conditions in harmony with law; that the holding of stock by the International Harvester Company in other corporation defendants under the circumstances shown be declared illegal, and that it be enjoined from continuing to own such shares and from exercising any right in connection therewith; that petitioner have general relief.

The foregoing is a summary of the averments of said original petition so far as deemed pertinent to this supplemental petition. The right is reserved at any time to refer to other provisions of said original petition as if the same were fully set forth herein.

20

II

DECISION OF THIS COURT, FINAL DECREE DATED AUGUST 15, 1914, AND
ORDER AMENDING IT

The defendants having filed a joint and several answer, an examiner was appointed and evidence was taken. A certificate was filed by the Attorney General pursuant to the act of Congress approved February 11, 1903 (32 Stat. 823), as amended by the act approved June 25, 1910 (36 Stat. 854). In accordance therewith the case came on for hearing in November, 1913, before a specially consti-

tuted district court composed of Circuit Judges Sanborn, Hook, and Smith. On August 12, 1914, this court handed down its decision, holding that the International Harvester Company was organized to eliminate competition between the combining companies and was from the beginning a combination in restraint of interstate commerce, and a monopolization of such commerce in harvesting machinery, and illegal, as in violation of the Sherman Antitrust Act. The opinion of the court, by Judge Smith, concludes as follows:

"We conclude that the International Harvester Co. was from the beginning in violation of the first and second sections of the Sherman law, and that this condition was accentuated by the reorganization of the American Co. and by the subsequent acquisitions of competing plants, and that all the defendant subsidiary companies became from time to time parties to the illegal combination, and the defendant companies are combined to monopolize a part of the interstate and foreign trade. It will therefore be ordered

21 that the entire combination and monopoly be dissolved; that the defendants have 90 days in which to report to the court a plan for the dissolution of the entire unlawful business into at least three substantially equal, separate, distinct, and independent corporations with wholly separate owners and stockholders, or in the event this case is appealed and this decree superseded, then within 90 days from the filing of the procedendo or mandate from the Supreme Court for the defendants shall file such plan, and in case the defendants fail to file such plan within the time limit the court will entertain an application for the appointment of a receiver for all the properties of the corporate defendants, and jurisdiction is retained to make such additional decrees as may become necessary to secure the final winding up and dissolution of the combination and monopoly complained of and as to costs."

On August 15, 1914, this court entered a final decree herein reading as follows:

"On this 15th day of August, 1914, this cause came on for decree upon the submission heretofore had, and the court being well advised in the premises finds that the defendant, the International Harvester Company, was as originally organized and now is a combination in restraint of trade and commerce among the several States and with foreign nations in agricultural implements, and did from its inception monopolize and attempt to monopolize a part of the trade and commerce among the several States and with foreign nations in agricultural implements, and the International Harvester Company of America, the International Flax Twine

22 Company, the Wisconsin Steel Company, the Wisconsin Lumber Company, the Illinois Northern Railway, and the Chicago, West Pullman and Southern Railroad Company are subsidiary companies of the International Harvester Company and are confederated with it in the unlawful purposes aforesaid, and that the defendants Cyrus H. McCormick, Charles Deering,

James Deering, John J. Glessner, William H. Jones, Harold F. McCormick, Richard F. Howe, Edgar A. Bancroft, George F. Baker, William J. Louderback, Norman B. Ream, Charles Steele, John A. Chapman, Elbert H. Gary, Thomas D. Jones, John P. Wilson, William L. Saunders, and George W. Perkins are officers of said International Harvester Company and are aiding and assisting it in the unlawful business mentioned:

"It is adjudged and decreed that said combination and monopoly be forever dissolved, and to that end that the business and assets of the International Harvester Company be separated and divided among at least three substantially equal, separate, distinct, and independent corporations, with wholly separate owners and stockholders, and that the defendants file with the clerk within ninety days a plan for such separation and division for the consideration of this court. In the event this case is appealed and decree superseded, then the time in which the defendant shall file said plan is hereby extended to ninety days from the filing of the procedendo or mandate of the Supreme Court with the clerk of this court.

"In case the defendants fail to file such plan in the time limited this court will entertain an application for the appointment of a receiver for all the property of the corporate defendants.

23 "Jurisdiction is retained by the court to make such additional decrees as may be deemed necessary to secure the final winding up and dissolution of the combination and monopoly complained of and as to costs.

"In case the defendants or any of them see fit to appeal from this decree the supersedeas bond is fixed at \$50,000, and the same may be approved by any one of the circuit judges of this circuit who sat upon the trial."

The defendants having moved the court to modify its decree in certain particulars, the following order was entered on October 3, 1914:

"On this third day of October, 1914, this cause came on for hearing on the motion of the defendants filed on August 17, 1914, to amend the decree of this court entered herein on the 15th day of August, 1914, and the parties being present by their respective counsel, and the court having considered the same,

"It is hereby ordered that said decree be, and the same is hereby, amended by striking out the words "and with foreign nations" wherever they appear in the decree, but the power and duty of the court in dealing with all the property and business of every character of the defendant corporations, at the commencement of this suit or since, so far as lawful and necessary to effect a dissolution of the combination, are not renounced but expressly reserved, and by striking out, pursuant to an agreement between the Attorney General and counsel for the defendants evidenced by the written consent of the Attorney General signed by the United States at-

torney for Minnesota, presented to the court this day, the first sentence in the second paragraph of said decree reading as follows:

24 "It is adjudged and decreed that said combination and monopoly be forever dissolved, and to the end that the business and assets of the International Harvester Company be separated and divided among at least three substantially equal, separate, distinct, and independent corporations with wholly separate owners and stockholders and that the defendant file with the clerk within ninety days a plan for such separation and division for the consideration of this court."

"And substituting in place thereof the following:

"It is adjudged and decreed that said combination and monopoly be forever dissolved, and to that end that the business and assets of the International Harvester Company be divided in such manner and into such number of parts of separate and distinct ownership as may be necessary to restore competitive conditions and bring about a new situation in harmony with law; and that the defendants file with the clerk within ninety (90) days a plan for such separation and division for the consideration of this court."

Thereafter the defendants appealed the case to the Supreme Court of the United States, where it was heard at the October term, 1914, and was by the court restored to the docket for reargument. The case was reargued at the October term, 1916, and was restored to the docket to be again argued. In October, 1918, the defendants dismissed their appeal, and the cause was remanded to this court for the working out of a plan of dissolution under the decree August 15, 1914, as amended.

THE FINAL DECREE OF THIS COURT DATED NOVEMBER 2, 1918

Following the dismissal by the defendants of their said appeal and the coming down of the mandate of the Supreme Court, there was entered by this court on November 2, 1918, a final decree which, after reciting, by way of preamble, all former proceedings in the case, and setting forth the hereinafter-described merger of the International Harvester Company of New Jersey and the International Harvester Corporation into the present International Harvester, provided as follows:

"It is therefore ordered, that the decree hereinabove set forth [dated August 15, 1914] be reinstated as the final decree in this cause; and the name International Harvester Company wherever hereinafter used includes both the original and the successor corporation of that name.

"And the parties having agreed upon and submitted to the court a plan for carrying into effect the order contained in said decree that the combination and monopoly therein adjudged unlawful be

dissolved, and the court having considered and approved the plan, it is further ordered, in accordance therewith, as follows:

"(a) The defendants, International Harvester Company and International Harvester Company of America, their officers, directors, and agents, are hereby prohibited and enjoined, from and after December 31, 1919, from having more than one representative or agent in any city or town in the United States for the sale of their harvesting machines and other agricultural implements:

26 "(b) The International Harvester Company shall, with all due diligence, offer for sale, at fair and reasonable prices, the harvesting machine lines now made and sold by the International Harvester Company under the trade names of 'Osborne,' 'Milwaukee,' and 'Champion,' respectively, including the exclusive right to use such trade names, and all patterns, drawings, blue prints, dies, jigs, and other machines and equipment specially used by the International Harvester Company in the manufacture of said three harvesting machine lines, respectively; and each purchaser must be a responsible manufacturer of agricultural implements in the United States, and, if a corporation, none of the defendants shall have any substantial stock interest in such purchaser, nor shall any defendant be such purchaser. The International Harvester Company, from and after the date of the entry of this decree, shall be required to accept a reasonable price from any purchaser approved by the United States for any of said lines of harvesting machines; and in the event of a disagreement between the United States and the Harvester Company as to what shall be or constitute a reasonable price for the property proposed to be purchased, such price shall be fixed by this court.

"(c) The International Harvester Company shall also presently offer and endeavor to sell in connection with said harvester lines the 'Champion' harvester plant and works at Springfield, Ohio, and the 'Osborne' harvester No. 1 plant and works at Auburn, New York, and shall stand ready to accept a fair and reasonable price for either of said plants from any purchaser of either of the harvester lines hereinbefore mentioned; and in the event that the parties are
27 unable to agree as to what is a fair price for either of said plants, the question at issue shall be submitted without formal pleadings, under the supervision and direction of the United States, to this court for decision, and the finding of this court as to said question of a fair price shall be accepted by and be binding upon the International Harvester Company.

"(d) In the event that any one or more of said three lines of harvesting machines, including plants, patterns, etc., as aforesaid, shall not have been sold by the International Harvester Company in pursuance of the terms and provisions of this decree within one year after the close of the existing war in which the United States is engaged, then, upon the request of the United States, the same shall be sold at public auction to the highest bidder therefor, in

such manner, time, and place as may be agreed upon between the United States and the International Harvester Company; and in default of such agreement then under the order and direction of this court.

"(e) The object to be attained under the terms of this decree is to restore competitive conditions in the United States in the interstate business in harvesting machines and other agricultural implements, and in the event that such competitive conditions shall not have been established at the expiration of eighteen months after the termination of the existing war in which the United States is engaged (or at the expiration of two years from the date of the entry of this decree in the event that said war shall be terminated within less than six months after the entry of this decree), then and in that case the United States shall have the right to such further relief herein as shall be necessary to restore said competitive conditions and to bring about a situation in harmony with law; and
28 this court reserves all necessary jurisdiction and power to carry into effect the provisions of the decrees herein entered."

By a joint resolution of Congress approved by the President on July 2, 1921, the war between the Imperial German Government and the United States of America was declared at an end. A treaty to restore friendly relations between the two nations was signed at Berlin on August 25, 1921, ratifications of the treaty were exchanged at Berlin on November 11, 1921, and said treaty was proclaimed by the President of the United States on November 14, 1921. The test period set up by paragraph (e) of said final decree, within which to judge the effect of the decree in establishing competitive conditions in interstate trade and commerce in harvesting and other agricultural implements has expired, and the court now has jurisdiction under said paragraph to entertain this supplemental petition and to grant the additional relief prayed for herein.

IV

REARRANGEMENTS OF DEFENDANTS' BUSINESS SINCE FILING OF ORIGINAL PETITION

In January, 1913, the International Harvester Corporation was organized under the laws of New Jersey to take over approximately one-half of the net assets of the International Harvester Company, the principal defendant. To this new corporation the International Harvester Company sold its plants in the United States, six in number, used for the manufacture of the so-called new lines, viz, gasoline and oil engines, tractors, autowagons, cream separators, wagons, manure spreaders, tillage and planting implements. The International Harvester Company also sold to this new company the
29 capital stocks of its subsidiary companies owning foreign plants. In return for these properties and securities the

International Harvester Company received 300,000 shares (entire issue) of the 7 per cent cumulative preferred stock and 399,964 shares (total 400,000) of the common stock of the International Harvester Corporation. The company offered the preferred stock for pro rata distribution among the holders of its own preferred stock and the common stock for pro rata distribution among the holders of its own common stock, each shareholder being given the privilege of taking cash to the amount of the par value of the stock so offered. The capital stock of the International Harvester Company was thereupon reduced from \$80,000,000 common and \$60,000,000 preferred to \$40,000,000 common and \$30,000,000 preferred.

In February, 1913, the International Harvester Company changed its name to International Harvester Company of New Jersey.

On September 19, 1918, the present International Harvester Company was organized in New Jersey, being a merger of the International Harvester Company of New Jersey and the International Harvester Corporation. The merger agreement, dated July 26, 1918, was ratified by stockholders of the merging corporations on September 19, 1918. The agreement provided that the new corporation should have a capital stock equal to the capital stock of the two merging companies, namely, \$140,000,000 in all, divided into \$80,000,000 7 per cent cumulative preferred stock and \$80,000,000 common stock, each share being of the par value of \$100. The

shares of the new corporation were issued to the shareholders of the merged companies in exchange for their shares in such companies upon an agreed basis.

In July, 1920, the authorized common stock was increased from \$80,000,000 to \$130,000,000 and the authorized 7 per cent cumulative preferred stock was increased from \$60,000,000 to \$100,000,000, of which there is at present outstanding \$94,116,114 of common and \$60,223,900 of preferred, a total of \$154,340,014. The company has no funded debt.

Said new International Harvester Company by appearance duly entered has become and is the principal defendant in this cause.

In pursuance of the final decree herein dated November 2, 1918, the defendant, the International Harvester Company, has sold to the Emerson Brantingham Company, at Rockford, Illinois, its line of harvesting machines sold under the trade name "Osborne." The sale took place in 1918, but the International Company manufactured the Emerson Brantingham Company's requirements for the Osborne line for the 1919 and 1920 trade. In the same year the International Harvester Company sold the line of harvesting machines known as "Champion" to B. F. Avery & Son of Louisville, Ky., and manufactured the purchaser's requirements for these lines for the 1919 and 1920 trade. In 1920 the defendant filed an application to the court representing that the purchasers of these lines were already engaged in manufacture of harvesting machines; that they each had plants adequate to manufacture the newly acquired lines; that

neither desired to acquire the plants of the International Harvester Company at which those lines had theretofore been produced, and asking that it be permitted to sell the lines without the necessity of disposing of the physical properties. The application was granted.

The Milwaukee line of harvesting machines, a negligible line constituting less than two per cent of the total domestic sales of the International Harvester Company, has not been disposed of under the decree.

The present arrangement of the International Harvester Company's plants in the United States is as follows:

McCormick Works, Chicago, Ill., binders, reapers, harvester threshers, mowers, rakes, hay stackers, corn machines, ensilage cutters.

Deering Works, Chicago, Ill., binders, reapers, harvester threshers, mowers, rakes, corn machines, potato diggers, cultipackers.

Milwaukee Works, Milwaukee, Wis., engines, cream separators, tractors.

Tractor Works, Chicago, Ill., tractors.

Akron Works, Akron, Ohio, commercial cars, motor trucks.

Auburn Works (formerly Osborne), Auburn, N. Y., tillage implements.

Chattanooga Plow Works, Chattanooga, Tenn., plows, cane mills, evaporators, and kettles.

Ft. Wayne Works, Fort Wayne, Ind., motor trucks.

P. & O. Plow Works, Canton, Ill., plows, listers, beet pullers, cultivators, corn planters.

Richmond Works, Richmond, Ind., seeding machines.

Rock Falls Works, Rock Falls, Ill., corn shellers, harrows, hay loaders, side rakes and tedders.

Springfield Works (formerly Champion), Springfield, Ohio, speed trucks, hay presses.

Springfield Spring Works, Springfield, Ohio, coiled springs.

Weber Works, Chicago, Ill., wagons.

West Pullman Works (formerly Plano), Chicago, Ill., corn planters, corn cultivators, threshers, manure spreaders.

Twine Works, two located in Chicago, one in Auburn, N. Y., and one at St. Paul, Minn.

Subsidiary companies:

Wisconsin Steel Co., capital stock \$1,000,000, the business and properties of which are described in the summary of the original petition.

Wisconsin Lumber Company, capital stock \$250,000, the business and properties of which are described in the summary of the original petition.

International Harvester Company of America, described in the summary of the original petition. This company has branch houses in 24 cities and towns in the United States.

Chicago, West Pullman & Southern R. R. Co., described in the summary of the original petition.

Illinois Northern Railway, described in the summary of the original petition.

Deering Southwestern Railway, organized June 24, 1903, under the laws of Missouri. Capital stock, authorized and issued, \$400,000. Operates between Caruthersville and Hornersville, Mo., and in addition to serving the properties of the defendant, the Wisconsin Lumber Company, does a general passenger and freight business.

V

INADEQUACY OF THE DECREE OF NOVEMBER 2, 1918, TO RESTORE COMPETITIVE CONDITIONS.

At the time of the formation of the International Harvester Company in 1902 certificates representing the capital stock of that company were exchanged for the business and assets of the companies acquired, as follows: To the McCormick Company, \$46,262,514; to the Deering Company, \$37,314,555; to the Plano Company, \$6,268,603; to the Champion Company, \$3,447,185. The stock, assets, and business of the Milwaukee Company were acquired for \$3,123,691 in cash; and the stock, business, and assets of the Osborne Company and the Columbian Cordage Company were acquired for \$6,000,000. The original investment in the Champion, Osborne, and Milwaukee lines, ordered separated under the decree of November 2, 1918, was negligible as compared with the other lines acquired, more especially the McCormick and Deering.

From its formation and the acquisition of the several lines mentioned, the policy of the International Harvester Company has been to develop and increase the output and sales of the McCormick and Deering brands of harvesting machines and to smother and suppress the manufacture and sales of the other brands. Thus during the period from the acquisition of said lines to the entry of the aforesaid, the proportion of the investment in the Champion, Osborne, and Milwaukee lines to the combined investment in McCormick and Deering lines has steadily decreased; and the proportion of the output and sales of the Champion, Osborne, and Milwaukee lines to the output and sales of the McCormick and Deering lines has likewise diminished.

The proportion of the investment in the Champion and Osborne plants to the total investment in all the company's plants was 12.9 per cent in 1910 and 8.9 per cent in 1918. The proportion of the number of Champion, Osborne, and Milwaukee harvesting machines manufactured to the total number of harvesting machines of all International brands manufactured in 1910 and 1918 were: Grain binders, 13.4 per cent in 1910 and 4.9 per cent

in 1918; mowers, 16 per cent in 1910 and 10 per cent in 1918; rakes, 26.6 per cent in 1910 and 15 per cent in 1918; corn binders, 13 per cent in 1910 and 14.9 per cent in 1918. The proportion of the lines to be disposed of, always small, has shown a marked decrease, except as to corn binders.

The book investment of the International Harvester Company in domestic implements plants on December 31, 1910, is shown in the following table:

Plants	Dollars	Per cent
Champion	1,400,000	4.1
Champion	2,380,000	6.4
Champion and Champion combined	1,000,000	2.8
McCormick	12,471,807	35.1
Deering	7,000,000	19.5
Other implement plants	7,470,000	20.9
Total implement plants	30,942,000	100.0

* Includes Illinois works at Chicago plant.

The book investment in such plants on December 31, 1918, was as follows:

Plants	Dollars	Per cent
Champion	1,201,000	3.1
Champion	1,870,000	4.6
Champion and Champion combined	1,072,720	2.7
McCormick	10,000,000	25.5
Deering	6,140,000	15.4
Other implement plants	14,520,000	36.4
Total implement plants	24,803,000	100.0

* Includes Illinois plant also.

35 The following table shows the total output of harvesting machines by the International Harvester Company, by lines, during the manufacturing season ending September 30, 1910, with percentages:

Brand	Grain binders		Mowers		Rakes		Corn binders	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Champion	2,147	2.5	9,900	1.4	11,917	1.2	1	1.0
Champion	6,630	5.1	70,530	7.4	23,672	24.0	265	26.5
McCormick	7,140	5.0	11,610	5.0	6,730	4.1	1,000	20.0
Total	15,917	12.6	92,040	13.8	42,319	29.3	2,266	15.5
McCormick	15,000	45.0	115,070	45.0	47,000	45.0	5,700	60.0
Deering	10,000	4.0	90,000	35.0	40,000	38.0	7,000	70.0
Other brands	1,417	1.5	7,000	2.0	5,000	2.5	1,000	10.0
Total	27,334	100.0	257,040	100.0	104,000	100.0	10,000	100.0

* Includes all sub-delivery and empty rakes.

* Manufactured at McCormick works.

* Includes Plano brand manufactured at Deering works and Keystone brand manufactured at McCormick works.

The following table shows the same for the manufacturing season ending September 30, 1918:

Brand	Grain binders		Mowers		Rakes		Corn binders	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Champion	2		2,063	1.9	817	1.7		
Deere	1,251	2.0	5,264	4.8	5,080	10.7	1,644	3.9
Milwaukee	1,244	2.3	2,646	2.3	1,215	2.6	2,978	11.0
Total	2,507	4.9	11,101	10.0	7,112	15.0	4,622	14.9
McCormick	27,205	51.2	55,871	50.1	22,680	47.8	12,572	46.6
International	25,579	48.8	44,529	39.9	17,610	37.2	10,408	38.5
Total	52,784	100.0	111,501	100.0	47,602	100.0	27,002	100.0

¹ Manufactured at McCormick works.

The output and sales of the lines disposed of and to be disposed of under the decree constitute such a small part of the total output and sales of the defendant, the International Harvester Company, and such a negligible part of the total trade and commerce in harvesting machines in the United States that said decree is inadequate to accomplish its declared purpose, namely, to restore competitive conditions in the interstate business in harvesting machines and other agricultural implements and bring about a situation in harmony with the law. Petitioner alleges that it has not requested a sale of the Milwaukee line of harvesting machines at public auction, under paragraph (d) of the decree, for the reason that said line constitutes so small a part of the total production and sales of the International Harvester Company, and such an infinitesimal part of the total production and sales of harvesting machines in the United States that the separation thereof from the International Company could have no appreciable effect on competitive conditions.

VI

THE DOMINANT POSITION OF THE INTERNATIONAL HARVESTER COMPANY HAS NOT BEEN AFFECTED

In 1911, the year preceding the filing of the original petition, the International Harvester Company controlled approximately 77 per cent of the interstate trade and commerce in harvesting machines. The remaining trade and commerce in such machines was divided among nineteen competitors, the largest of which, the Acme Company, had but 4.85 per cent. The competitive situation in that year

is shown by the following tabulation, compiled from the record in this cause:

37 Sales of harvesting machines in the United States in 1911, with percentages

Name of manufacturer	Grain binders		Mowers		Rakes	
	Number	Per cent	Number	Per cent	Number	Per cent
I. H. Co.	97,855	87.20	141,330	73.90	89,912	87.79
Acme Co.	7,829	7.01	6,092	3.18	8,868	8.70
Johnston Co.	3,027	2.71	7,026	3.68	1,200	1.18
Deere Co.	80	.07	7,314	3.83	9,562	9.31
Emerson-Brandt Co.			9,163	4.80	4,927	4.77
W. A. Wood Co.	1,043	.94	6,612	3.46	4,179	4.06
A. Strauss-Platt Co.	1,000	.90	4,763	2.50	1,793	1.75
Thomas Mfg. Co.			3,600	1.78	2,400	2.35
Richardson Mfg. Co.			1,680	.89	1,200	1.18
Independent Co.	500	.50	1,171	.61		
Minnesota Farm	683	.62	908	.47	20	.02
C. O. Allen Co.					1,411	1.37
Baldwin Mfg. Co.					1,198	1.16
Montgomery Ward Co.			943	.49	379	.37
Plattner Co.			142	.07		
Scars-Rothrock Co.					500	.48
Butterfly Miller Co.	70	.06	200	.10		
Bulcher & Taylor Co.					127	.12
Messinger Mfg. Co.			34	.02	15	.01
Eureka Mower Co.			38	.02		
Total	111,000	100.00	191,221	100.00	102,635	100.00

Name of manufacturer	Corn binders		Reapers		Header and peak binders		All machines	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
I. H. Co.	39,007	99.79	1,495	78.24	4,321	85.73	274,208	79.94
Acme Co.					794	15.39	23,603	6.95
Johnston Co.	1,130	2.81	235	11.80	60	1.18	16,684	4.94
Deere Co.							16,800	4.97
Emerson-Brandt Co.							16,498	4.89
W. A. Wood Co.			100	5.00			15,057	4.37
A. Strauss-Platt Co.	100	.25	212	10.60			9,136	2.68
Thomas Mfg. Co.							5,960	1.75
Richardson Mfg. Co.							2,900	.85
Independent Co.							1,687	.49
Minnesota Farm							1,500	.44
C. O. Allen Co.							1,411	.41
Baldwin Mfg. Co.							1,198	.35
Montgomery Ward Co.							812	.24
Plattner Co.							143	.04
Scars-Rothrock Co.							500	.14
Butterfly Miller Co.			15	.75			200	.06
Bulcher & Taylor Co.							127	.04
Messinger Mfg. Co.							34	.01
Eureka Mower Co.							38	.01
Total	41,440	100.00	1,875	100.00	5,155	100.00	346,308	100.00

38 By 1918, the year in which the decree was entered, the International Harvester Company's control had declined to approximately 64 per cent. Its proportions of the total production in the several lines for that year were: Grain binders, 65 per cent; mowers, 60 per cent; rakes, 58 per cent; corn binders, 73 per cent.

This decline was due largely to the marked increase in the production and sales of Deere & Company, which formerly manufactured only tillage implements, and began making harvesting machines in about 1911.

In 1921, which marked the termination of the war, the International Harvester Company's proportion had further decreased to 59 per cent. The principal falling off in its control was in the lower-priced machines, such as rakes and tedders, rather than in the more important and expensive machines, such as binders. By this time the number of competitors of the International Company was reduced from 19 to 11. The situation for the year is shown by the following table:

29 Sales of harvesting machines in the United States, 1921, with percentages

	Binders		Mowers		Corn binders		Reapers	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
I. H. Co.	20,338	68.15	28,997	87.48	5,862	65.71	517	77.98
Atter	1,448	4.85	4,261	6.28			52	7.94
Massey-Harris	1,053	3.32	1,726	2.54	668	7.49	26	3.92
W. A. Wood	80	.18	1,516	2.23			42	6.34
Atter	8	.02	52	.08	3	.03		
Ohio Rake Co.								
Deere & Co.	3,565	11.58	8,630	12.72	1,644	18.43		
Emerson-Buntingham	162	2.55	4,910	7.24	674	8.31		
Deere-Rockwell			352	.53				
Miss. Primet	1,550	5.19	2,696	3.93				
Maline Flow	1,679	5.58	3,804	5.02	270	3.03	26	3.92
Thomas			1,325	1.95				
Total	29,840	100.00	33,840	100.00	8,971	100.00	663	100.00

	Headers, grass binders		Rakes ¹		Tedders ²		Total	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
I. H. Co.	2,711	74.54	23,610	54.30	1,415	36.20	92,848	59.07
Atter	781	21.41	2,149	7.43	145	3.71	9,836	6.26
Massey-Harris	155	4.25	2,681	4.79	156	3.96	5,815	3.70
W. A. Wood			860	2.11	362	7.73	2,803	1.78
Atter			24	.06			85	.05
Ohio Rake Co.			716	1.66	40	2.25	864	.51
Deere & Co.			4,971	10.32	524	13.41	18,734	11.92
Emerson-Buntingham			3,137	7.40	815	21.87	10,138	6.45
Deere-Rockwell			397	.94			759	.48
Miss. Primet			1,764	4.16			5,980	3.80
Maline Flow			1,882	4.44	360	10.05	7,045	4.48
Thomas			1,000	2.36	31	.79	2,356	1.50
Total	3,647	100.00	43,274	100.00	3,969	100.00	157,203	100.00

¹ Includes side delivery rakes.

² Includes combination rakes and tedders.

40 In 1922, which is included in the 18 months' test period provided in paragraph (c) of the decree, the International Company's percentage advanced to 66.57. Its largest competitor, Deere & Company, had only 11 per cent, and the remainder was

divided among 10 competitors, no one of which had as much as 5 per cent. The competitive situation in that year was as follows:

41 Sales of harvesting machines in the United States, 1922, with percentages

	Binders		Mowers		Corn binders		Reapers	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
I. H. Co.	30,644	75.37	63,062	66.74	9,257	70.46	452	54.59
Avery	794	1.85	2,467	2.64			290	32.12
Massey Harris	1,549	3.81	3,058	3.24	1,159	8.82	56	6.78
W. A. Wood	41	.10	2,625	2.78			28	3.39
Acme			3		1			
Ohio Rake Co.								
Deere & Co.	5,435	12.31	10,553	11.17	2,030	15.37		
Emerson-Brantingham	844	2.06	5,388	5.81	472	3.60		
Sears, Roebuck			299	.32				
Minn. Prison	1,117	2.75	2,128	2.25				
Moline Plow	663	1.62	2,705	2.86	229	1.75	16	1.92
Thomas			1,599	1.69				
Total	40,657	100.00	94,487	100.00	13,128	100.00	828	100.00

	Headers, push binders		Rakes ¹		Tieblades ²		Total	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
I. H. Co.	1,747	70.90	31,692	59.72	1,937	50.39	138,701	66.57
Avery	538	21.83	4,533	8.57	63	1.61	9,066	4.35
Massey Harris	179	7.27	2,764	5.22	234	6.09	8,960	4.32
W. A. Wood			1,241	2.34	55	1.43	4,000	1.92
Acme			11	.02			15	.01
Ohio Rake Co.			671	1.27	41	1.07	712	.34
Deere & Co.			5,217	9.86	477	12.41	23,272	11.17
Emerson-Brantingham			3,784	7.20	586	15.24	10,174	4.89
Sears, Roebuck			474	.90			673	.32
Minn. Prison			1,205	2.28			4,450	2.14
Moline Plow			1,751	3.31	379	9.86	5,743	2.74
Thomas			697	1.29	73	1.90	2,339	1.12
Total	2,464	100.00	52,925	100.00	3,844	100.00	208,338	100.00

¹ Includes side delivery rakes.

² Includes combination rakes and tieblades.

42 The foregoing tables make it plain that the sale by the International Harvester Company of its Osborne and Champion lines has had little or no effect upon competitive conditions. While during the test period provided in the decree the International Company's percentage has increased sharply, the percentages of the purchasers of those lines have shown a marked falling off. Thus the Emerson-Brantingham Company, purchaser of the Osborne line, had 6.45 per cent of the harvesting machine business in 1921 and only 4.88 per cent in 1922; and B. F. Avery & Sons, purchaser of the Champion line, had 6.26 per cent of the business in 1921 and only 4.35 per cent in 1922.

Moreover, the number of independent manufacturers of harvesting machines is steadily shrinking, due to the inability of those companies to compete with the International Harvester Company. The latter, with its enormous capital, credit, and resources, its profitable side lines and lumber, steel, and coal subsidiaries, is enabled, particularly in times of depression, to sell its harvesting machines at

cost, which cost is generally lower than that of its competitors, and thus effectively eliminate competition and monopolize the business.

Upon information and belief, petitioner alleges that since the institution of this suit, and particularly since the entry of the decree of November 2, 1918, the International Harvester Company has used its great power in the manner just alleged for the purpose and with the effect of restraining interstate trade and commerce in harvesting machines and monopolizing the same by compelling its competitors to cease and desist from the manufacture and sale of harvesting machines.

45 As shown by a comparison of the 1911 table with the table for 1921, a number of the International Harvester Company's competitors abandoned the field during the intervening years.

In addition, the Acme Harvesting Machine Company, Peoria, Illinois, which in 1911 was the International Company's principal competitor, suspended active operations in 1919. Since then it has manufactured only a few machines from spare parts on hand. In 1911 this company sold approximately 8,000 binders, 6,000 mowers, and 9,000 rakes. In 1922 it sold only 3 mowers, 1 corn binder, and 11 rakes.

The Walter A. Wood Mowing and Reaping Machine Company, Housick Falls, New York, one of the oldest independent harvesting machine companies, has recently discontinued the manufacture of harvesting machines and is now making only a few parts for machines already sold, its principal business being the manufacture of malleable iron and gray iron. In 1911 this company sold over 1,000 binders, 6,500 mowers, 5,000 rakes, and 189 reapers. In 1922 the company sold only 41 binders, 2,625 mowers, 38 reapers, 1,241 rakes, and 55 tedders.

Because of the falling off in their harvesting machine business, due their inability to compete with the International Harvester Company, the Moline Plow Company, Moline, Illinois, Thomas Manufacturing Company, Springfield, Ohio, and Massey-Harris Company, Batavia, New York, are contemplating the discontinuance of their harvesting lines.

Wherefore petitioner alleges that the unlawful combination in restraint of interstate trade and commerce in harvesting
44 machines, and the unlawful attempt to monopolize and monopolization of such trade and commerce, found by this court to exist by and through the defendant, International Harvester Company, has not been dissolved or affected by the decree of this court, and that unless such combination and monopoly shall be effectively dissolved by a division of the business and assets of the International Harvester Company into at least three concerns with separate ownership, management, and control, the monopolistic control already exerted by the defendants over the interstate trade and commerce in harvesting machines will increase, the vision of complete monopoly which the organizers of the International Harvester Company had in 1902 will be fully realized, and the farmers of the United

States will be deprived of the benefit of free and open competition in the manufacture and sale of harvesting machines, which is their protection and right.

VII

REPORT AND FINDINGS OF THE FEDERAL TRADE COMMISSION WITH RESPECT TO THE INADEQUACY OF THE DECREE OF NOVEMBER 2, 1918

On May 13, 1918, the Senate of the United States adopted Resolution No. 223, directing the Federal Trade Commission, under authority of the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914, to investigate and report to the Senate the cause or causes for the high prices of agricultural implements and machinery. By section 6, paragraph (c) of said act of September 26, 1914, the Federal Trade Commission has power—

"Whenever a final decree has been entered against any defendant corporation in any suit brought by the United

States to prevent and restrain any violation of the antitrust acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out, and upon the application of the Attorney General it shall be its duty to make such investigation. It shall transmit to the Attorney General a report embodying its findings and recommendations as a result of any such investigation, and the report shall be made public in the discretion of the commission."

Thereupon the commission proceeded to make a painstaking and exhaustive investigation of the entire subject of the cost of farm machinery. On May 4, 1920, the commission made its report to the Senate, containing the most explicit findings on all phases of the subject, including the effect of the decree of this court dated November 2, 1918, on competitive conditions in the harvesting machine industry. A copy of said report was duly transmitted to the Attorney General, as provided by the statute.

The commission found (and petitioner hereby adopts said findings and alleges them to be true) that the separation of the Osborne, Champion, and Milwaukee lines can have little effect upon the dominating position of the International Harvester Company in the harvesting-machine industry. This finding was based on three principal factors: (1) The small and constantly decreasing importance of those brands and plants as compared with other brands and plants to be retained by the company; (2) the large and increasing factory costs of the two or three brands surrendered as compared with the factory costs of the two brands retained; and (3) the low total cost of the two brands retained—McCormick and Deering—as compared with the total cost of the harvesting machines manufactured by other companies.

The commission further found that in order to achieve the purpose of the decree of November 2, 1918, and restore competitive conditions in interstate trade and commerce in harvesting machines, it would be necessary to separate the McCormick and Deering lines from each other, and from the steel-making business of the company. Accordingly, the commission recommended that this cause be reopened as provided in paragraph (c) of the decree so that a plan of dissolution may be arrived at that will in fact restore competitive conditions in the harvesting-machine business.

The commission suggested the division of the business and assets of the International Harvester Company into three companies, as follows:

IMPLEMENT COMPANY A	IMPLEMENT COMPANY B	STEEL COMPANY
Deering	McCormick	Steel works.
Milwaukee.	McCormick tractor.	Ore mines.
Osborne tillage	Akron.	Coal mines.
Plano.	Weber.	
Keystone.	Parlin & Orendorff.	
Chattanooga.	St. Paul.	
Chatham (Canada).	Hamilton (Canada).	
Lubertsky (Russia).	Neuss (Germany).	
Croix (France).	Norrköping (Sweden).	

A copy of the commission's letter to the President of the Senate, dated May 4, 1920, transmitting said report, and a copy of Chapter X of the report, dealing with the inadequacy of said decree to restore competitive conditions, are attached hereto as a part of this supplemental petition, marked "Exhibit A."

47

VIII

PRAYER

Wherefore petitioner prays that this honorable court order, adjudge, and decree as follows:

1. That the defendant, the International Harvester Company, still is a combination in restraint of interstate trade and commerce in harvesting machinery, and still is monopolizing and attempting to monopolize said trade and commerce, in violation of the act of Congress approved July 2, 1890, commonly called the Sherman Act, and contrary to the several opinions, orders, and decrees of this court.

2. That the provisions of the decree, dated November 2, 1918, for the disposition by the defendant, the International Harvester Company, of its Osborne, Champion, and Milwaukee lines of harvesting machines are inadequate to achieve the declared purpose of said decree, namely, to restore competitive conditions in the United States in the interstate business in harvesting machines and other agricultural implements.

3. That although eighteen months have elapsed since the termination of the war in which the United States was engaged at the entry of said decree dated November 2, 1918, the declared purpose

of said decree has not been achieved, and that the United States now has the right to such further relief herein as may be necessary to restore competitive conditions in interstate trade and commerce in harvesting machines and other agricultural implements and to bring about a situation in harmony with law.

4. That the business and assets of the defendant, the International Harvester Company, be separated and divided among at least three separate, distinct, and independent corporations, with wholly separate owners, stockholders, and managers, substantially as suggested by the Federal Trade Commission in its report to the Senate dated May 4, 1920.

5. That petitioner have such other and further relief as to the court may seem just.

6. That petitioner have its costs in this behalf expended.

UNITED STATES OF AMERICA,
By LAFAYETTE FRENCH, Jr.,
United States Attorney.
ARRAM F. MYERS,
Special Assistant to the Attorney General.

H. M. DAUGHERTY,
Attorney General.

A. T. SEYMOUR,
Assistant to the Attorney General.

GUY D. GOFF,

J. A. FOWLER,

W. F. MARTIN,

Special Assistants to the Attorney General.

49 *Exhibit A to supplemental petition*

REPORT OF FEDERAL TRADE COMMISSION ON THE CAUSES OF HIGH PRICES
OF FARM IMPLEMENTS, DATED MAY 4, 1920

Letter of submittal

FEDERAL TRADE COMMISSION,
Washington, May 4, 1920.

To the President of the Senate:

This report is made in response to the resolution of the Senate¹ directing the commission to report the causes for the high prices of farm implements, including any facts relating to restraints of trade or unfair methods of competition in the industry, and whether by reason of such prices the farmers have been prevented from making fair profits. This inquiry involved, therefore, a determination of the costs, prices, and profits of implement manufacturers, the prices and profits of implement dealers, the question of restraints of trade or unfair methods of competition among manufacturers or dealers, and the situation of the farmer with respect to the prices paid for implements and his general economic position.

¹ S. Res. 223, 65th Cong., 2d sess.

Principal findings of fact

The commission finds that the prices of farm implements purchased by the farmers increased on the average 73 per cent during the period 1914 to 1918, and that this increase was due to the following causes:

1. The costs of manufacturers and the expenses of dealers showed a marked increase.

2. The prices of manufacturers and of dealers increased more than their costs or expenses, respectively, and resulted in increased profits, which were unusually large for both manufacturers and dealers in 1917 and 1918.

3. The large increase in the prices and profits of manufacturers in 1917 and 1918 was due in part to price understandings or agreements among manufacturers, and to a more limited extent the increase in the profits of dealers seems to have been due to similar activities.

The increase in the prices of farm products was generally greater than the increase in the prices of implements and this increase in implement prices formed but a small percentage of the total operating expenses of the farmer, so it would appear that the farmer was not prevented from making fair profits on account of the increased prices of farm implements.

20 There was no general shortage in the supply of farm implements, nor was there any unusual demand, especially because of the decrease in the number of machines exported and of the more extensive repairing of old machines to meet the increase in domestic requirements.

Increase in prices

Manufacturers' prices of farm implements to dealers increased 82 per cent during the period 1916 to 1918, while dealers' prices to farmers increased 62 per cent during the same period. While the dealers' increase in percentage was smaller than that for manufacturers their increase expressed in dollars was not greatly different, due to the higher prices upon which their increase was figured.

As already stated, the increase in the prices to farmers during the five-year period 1914 to 1918 averaged 73 per cent. The greater part of this increase occurred in 1918, although there was a considerable increase in 1917. The increases in 1915 and 1916 were quite small.

Profits of dealers

The financial results for implement dealers in 1918 as compared with 1915, based on data from more than 200 concerns, most of which handled other articles as well as implements, were as follows:

The net sales increased 60 per cent, the gross profits 75 per cent, the total expenses 38 per cent, the net income 152 per cent, the invest-

ment 28 per cent, while the rate of profit on investment increased from 9 per cent in 1915 to 17.7 per cent in 1918, which is an increase of 97 per cent.

Profits of manufacturers

Twenty-two farm implement manufacturers, embracing over 85 per cent of the industry, showed for 1918 compared with 1916 the following results from their implement business:

The net sales increased 63 per cent, the cost of sales 67 per cent, the selling, general, and administrative expenses 17 per cent, the net operating income from the implement business 106 per cent, the investment 1 per cent, while the rate of return on investment in the implement business increased from 9.7 per cent in 1916 to 12.9 per cent in 1918, which is an increase of 105 per cent. The comparison in this case is made between 1916 and 1918 because the rates of profit in both 1914 and 1915 seem to have been unduly low. In 1913 the rate of profit was nearly the same as in 1916, namely, 9.8 per cent; in 1917 it was a little lower than in 1918, namely, 16.6 per cent.

51

Concerted action among manufacturers

Practically all important manufacturers of farm implements are members of the National Implement and Vehicle Association, which was formed in 1911 by the union of several existing farm-implement associations. The present association has 13 departments covering the more important lines of farm implements. The general offices are in Chicago. The association and each department has its own president, secretary, and executive committee. These officers and committeemen carry on most of the active work of the association. All of them, except the secretary of the main association, are officers or employees of the member companies. There are two other associations of some importance—the Southern Wagon Manufacturers Association and the Carriage Builders National Association. The membership of the three above-mentioned associations overlap to a certain extent.

Under cover of bringing about uniform cost accounting, uniform terms of sale, and standardization of product the manufacturers who are members of these associations repeatedly advanced prices of farm implements by concerted action during the period 1916 to 1918, inclusive.

The associations received assistance in maintaining prices after the armistice from the implement trade journals and from the Agricultural Publishers' Association, an organization of farm papers.

Methods of advancing prices

The methods used by officers and members of the manufacturers' associations in bringing about concerted price advances and in maintaining prices were as follows:

Price comparison meetings at which advances in prices recently made or intended to be made were discussed.

Cost comparison meetings at which inflated costs were compared with the tacit understanding that prices would be advanced the same percentage shown by the inflated costs.

Terms meeting at which agreements were made respecting uniform terms, thus making the prices of the different members more comparable.

Standardization meetings at which agreements were made respecting the standardization of implements and the equipment to be furnished, thus making the costs and prices of the different members more comparable.

Frequent exchange of price lists by mail, so that members could check up each other's prices, terms, and equipment furnished.

Frequent exchange by letters of what advances had been made recently and asking for other members' recent price advances.

52 Exchange of letters stating what advances were contemplated in the future and when effective and asking for similar data.

Letters urging low price members to increase their prices.

Price tabulation showing in parallel columns the prices of various members, a copy being sent to each member furnishing information for the tabulation.

Complaints of price cutting, the complaints frequently showing that the price-cutting member was held as not keeping faith in maintaining the prices agreed upon.

When a branch house or a salesman sold under prices shown in the company's price list, other members frequently wrote the company's main office advising them of the facts.

By these methods, beginning with meetings held in February, 1916, and continuing through 1918, the manufacturers often arrived at uniform percentages of increase to be applied first to one and then to another line of implements.

That the officers and members of the manufacturers' associations realized that they were engaged in illegal activities is indicated by the attempted secrecy they sought to throw over all price activities. It is also more directly shown in a number of letters obtained by the commission, copies of which are printed in this report.

Concerted action among dealers

The farm implement dealers of the United States are united into about 25 State and sectional associations, most of which in turn are united under two federations, the National Federation of Implement and Vehicle Dealers' Associations with offices at Abilene, Kans., and the Eastern Federation of Farm Machinery Dealers, with offices at Philadelphia, Pa. There are also a large number of local clubs which have been organized by the larger associations.

The federations and their constituent associations have attempted to increase the profits of members and protect them from competition in many ways, the following being the more important:

They have fostered local price agreements between dealers of the same town.

They have induced manufacturers not to sell to dealers who do not maintain prices locally agreed upon.

They have induced manufacturers not to sell to concerns considered as irregular by the dealers, especially cooperative stores and small mail-order concerns.

By means of so-called cost education they have urged dealers to maintain a high and uniform percentage of gross profit.

53

Effect of high prices on farm profits

Although the prices of farm implements were advanced more rapidly than the increases in the actual costs of manufacture and distribution warranted, they did not increase so rapidly as did the prices of farm products. In 1918, as compared with 1913, the prices of farm products increased 118 per cent, while the prices of farm implements increased 72 per cent. Consequently, the product of an acre of farm land would buy a larger quantity of farm implements in 1918 than in 1914 or in preceding years. Furthermore, the expense attributable to farm implements represents only a small part—less than 10 per cent—of the farmers' total expense.

No comprehensive data are available regarding the profits of farmers, but all the available evidence indicates that they were higher in 1917 and 1918 than in the four years preceding, notwithstanding the higher prices of farm implements.

However, if implement prices prevailing at the present time are maintained and the prices of farm products decrease, this expense may well become a factor in preventing the farmer from making a fair profit.

International Harvester dissolution

The commission is by law empowered to investigate the manner in which a final decree in any antitrust suit is being carried out. As the final decree in the International Harvester case was filed while this inquiry into the implement industry was in progress, the commission has incorporated in the present report the results of its inquiry into this matter.

By a consent decree filed November 2, 1918, in the United States District Court at St. Paul the International Harvester Co. was ordered to sell its Champion and Osborn harvester plants and its Champion, Osborn, and Milwaukee harvesting lines, and was furthermore restricted to one dealer-agent in each town.

The proportion of the investment in the Champion and Osborn plants to the total investment in all the company's plants was 12.9

per cent in 1910 and 8.9 per cent in 1918, which shows the small and decreasing importance of the plants which are to be sold.

The proportions of the number of Champion, Osborne, and Milwaukee harvesting machines manufactured to the total number of harvesting machines of all International brands manufactured in 1910 and in 1918 were as follows:

Grain binders, 13.4 per cent in 1910 and 4.9 per cent in 1918; mowers, 16 per cent in 1910 and 10 per cent in 1918; rakes, 26.6 per cent in 1910 and 15 per cent in 1918; corn binders, 13 per cent in 1910 and 14.9 per cent in 1918.

54 As is shown by the above figures, the brands to be sold were of decreasing importance, except in the case of corn binders.

The factory costs of two of the brands to be sold—the Champion and Osborne—were much higher than the factory costs of either of the two brands to be retained, being in 1918 over \$20 higher on binders, over \$5 on mowers, over \$1 on rakes, and over \$10 on corn binders. The third brand to be sold—Milwaukee—has costs that compare more favorably with those of the brands retained, but this brand is manufactured at the McCormick works.

The costs of the two brands to be retained are also much lower than the costs of the harvesting machines of other manufacturers.

The proportions of the total production of the principal harvesting machines which the International Harvester Co. had in 1911, before the Government suit was brought, and the proportions it had in 1918 were as follows:

Grain binders, 87 per cent in 1911 and 65 per cent in 1918; mowers, 77 per cent in 1911 and 60 per cent in 1918; rakes, 72 per cent in 1911 and 58 per cent in 1918; and corn binders, 76 per cent in 1911 and 73 per cent in 1918.

While the International's proportion has decreased for each of the machines shown, the company still retains a sufficient proportion of the business to give it a dominating position in the industry, especially as it has additional advantages in low costs of manufacture and in the reputation in the trade of the brands retained.

After it has complied with the decree by disposing of the Osborne, Champion, and Milwaukee lines its percentage of the total business will be reduced in only a comparatively small degree on the present basis of output.

The separation of the Champion, Osborne, and Milwaukee brands and the Champion and Osborne harvester works from the International Harvester Co. can have little effect, therefore, upon the dominating position of that company in the harvesting-machine line, especially as regards grain binders. This results from three factors: (1) the small and constantly decreasing importance of those brands and plants as compared with other brands and plants to be retained by the company; (2) the large and constantly increasing factory costs of two of the three brands surrendered as compared with the factory costs of the two brands retained; and (3) the low total cost

of the two brands retained—McCormick and Deering—as compared with the total cost of the harvesting machines manufactured by other companies.

It is indicative of the dominating position of the International Harvester Co. in the harvesting-machine business that it refused to cooperate with other harvesting-machine manufacturers in association activities, although it did so cooperate with respect to other lines of implements which it did not dominate. (See p. 548.)

The commission is of the opinion that the final decree of November 2, 1918, will fail in its purpose to "restore competitive conditions in the United States in the interstate business in harvesting machines." The court, however, provided in the final decree that in the event such competitive conditions were not restored "at the expiration of 18 months after the termination of the existing war" the Government should have the right to such further relief as shall be necessary to bring about a condition in harmony with the law.

The commission believes that further steps are necessary to secure the objects aimed at by the decree.

The dominating position of the International Harvester Co. is chiefly with respect to the harvesting-machine lines and particularly with respect to grain binders. The maintenance of this position is aided by the steel-making business of the company, which furnishes it either with large profits or with steel at cost, thereby further increasing the International Harvester Co.'s dominating position by reducing its already low costs of manufacture.

The division of the business of the International Harvester Co., therefore, should be in such a way as to divide effectively the harvesting-machine lines and to separate therefrom the steel business, less than half of the products of which have been utilized by its implement factories and is therefore much too large to be left with any one of them. To make any such division of the harvesting-machine lines effective in restoring competition it would be absolutely essential to separate the McCormick and Deering plants and the McCormick and Deering brands. It would also be necessary, of course, to enforce the absolute separation of ownership of the stock in the new companies to be organized.

It is necessary to separate the McCormick and Deering plants and brands because according to judicial decision they were illegally combined in 1902 and because it is these that have given the International Harvester Co. its dominating position in the harvesting-machine line. By their volume of output, their low cost of production, and reputation in the trade, the possession of these two plants and brands makes effective competition from other implement manufacturers illusory.

Conclusions

Farm-implement manufacturers and dealers by concerted action advanced prices in 1917 and 1918 by amounts that were larger than were warranted by the increase in their costs and expenses, and this resulted in unusually large profits for those years.

26 In spite of the great increase in farm-implement prices, the farmers were not prevented from making as much profit as before because the prices of farm products increased to an even greater extent.

The partial dissolution of the International Harvester Co. in 1918 did not change the dominating position of that company in the harvesting-machine line and will not do so while the McCormick and Deering plants and the steel business remain united under its control either directly or by common ownership of stock.

Recommendations

The commission believes that judicial proceedings should be instituted against associations who have been active in restraining trade in the farm-implement industry.

The commission also believes that the International Harvester case should be reopened as provided for in the final decree, so that a plan of dissolution be arrived at that will restore competitive conditions in the harvesting-machine business.

Respectfully,

VICTOR MURDOCK, *Chairman.*

HUSTON THOMPSON.

NELSON B. GASKILL.

JOHN GARLAND POLLARD.

WILLIAM B. COLVER.

CHAPTER X.—THE INTERNATIONAL HARVESTER DISSOLUTION, 1912-1918

Section 1.—Introductory

The final decree in the International Harvester case was filed on November 2, 1918. This was a consent decree, agreed to by Attorney General Gregory and the International Harvester Co. It was the outcome of the Government's suit for the dissolution of the International Harvester Co., which had begun in 1912.

The decree ordered the company to sell three of its minor harvesting-machine lines and two of its smaller plants. It also provided the company should retain only one dealer in each town.

In this chapter is shown the effect this partial dissolution will have on competitive conditions in the harvesting-machine line.

Section 2.—Formation and subsequent development of the International Harvester Co., 1902-1911

The International Harvester Co. was organized in 1902 as a consolidation of the five principal manufacturers of harvesting machines in the United States—namely, the McCormick Harvesting Machine Co., Chicago, Ill.; Deering Harvester Co., Chicago, Ill.; Plano Manufacturing Co., Chicago, Ill.; the Warder, Bushnell & Glessner Co., Springfield, Ohio; and the Milwaukee Harvester Co., Milwaukee, Wis. The companies thus consolidated had in 1902 about 90 per cent of the total production of grain binders in the United States, and about 80 per cent of the total production of mowers, the two chief kinds of harvesting machines. The other principal manufacturers of harvesting machines in the United States were located in New York State, and their market was mainly confined to the North Atlantic States and to the export trade, so that they did not come into severe competition with the machines of the combination in the chief domestic markets, the Mississippi Valley and the western prairies.

Almost immediately after its organization, the International Harvester Co. commenced the acquisition of competing manufacturers of harvesting machines. In January, 1903, it secretly acquired control of D. M. Osborne & Co., Auburn, N. Y., its chief remaining competitor. This secret control was maintained for nearly two years. In 1903 and 1904 the combination secretly acquired and so operated for a time several other competing harvesting machine companies, namely, the Minnie Harvester Co., St. Paul, Minn.; the Aultman-Miller Co., Akron, Ohio; and the Keystone Co., Sterling, Ill.

The company's acquisition of competitive harvesting-machine concerns was followed by the extension of its manufacture into numerous other lines, partly by converting certain of its harvesting-machine plants and partly by the purchase of established concerns already manufacturing other lines. Among the more important of such lines were tillage implements, manure spreaders, farm wagons, gasoline engines, tractors, and cream separators. The extension of the company into these lines was facilitated by its substantially monopolistic control of the harvesting-machine business, as control in the most important branch of the farm-implement business afforded a powerful lever for forcing the sale of its other lines.

As a result of the development just described, the position of the company changed from that of a maker of harvesting machines only, until by 1911 it was an important factor in several other branches of the farm-implement business. In manure spreaders it had come to have 50 per cent or over of the business, and in disk harrows about 37 per cent, and was increasing its proportion in several other lines, such as wagons and gasoline engines.

In 1911 the company still maintained its supremacy in harvesting machines, in spite of new competition from certain large plow and tillage implement manufacturers, who were endeavoring to establish a full line by beginning the manufacture of harvesting machines. The combination still had in 1911 about 87 per cent of the total production of binders, 77 per cent of the mowers, and 72 per cent of the rakes.¹

Section 3.—Negotiations for a voluntary dissolution and the acquisition of seeding-machine lines, 1911-12

In the autumn of 1911 Attorney General Wickersham was preparing to file a petition asking for the dissolution of the International Harvester Co., as a combination in restraint of trade. The officials of the company were advised of this contemplated action, and entered into negotiations with the Attorney General with the object of bringing about a voluntary dissolution. The Attorney General sought information and advice from the Bureau of Corporations, which was then conducting a comprehensive investigation of the International Harvester Co. The Bureau of Corporations in response to a request of the Attorney General submitted a number of different plans for a dissolution into three or four substantially equal companies, which it was believed would restore competitive conditions in the harvesting-machine lines. In each of these plans an analysis was given of the investment and profits of each company which would result from the dissolution based on the business done in 1910.

The analysis of each of these plans showed that two things were absolutely essential to any adequate scheme of dissolution: (1) That the Deering and McCormick plants and brands be separated; and (2) that there be absolute separation of ownership through an injunction against common stockholding.

The International Harvester Co. would not agree to any of the plans submitted nor would they agree to any plan that involved separating the McCormick and Deering plants. The company, however, advanced a counterproposition, which was as follows:

The International would agree to sell to independent companies its Champion plant at Springfield, Ohio, its Osborne harvester plant at Auburn, N. Y., and all its lines of harvesting machines except the McCormick and the Deering. This proposal was made to the Attorney General in March, 1912.

The Bureau of Corporations' report to the Attorney General, however, showed that the dissolution proposed by the company would not materially affect its monopolistic position in the harvesting-machine lines.

¹ For a full description of the organization and subsequent development of the International Harvester Co., see Report of the Commissioner of Corporations on the International Harvester Co., 1913.

Attorney General Wickersham refused to agree to the scheme suggested by the company and, finding it impossible to secure a satisfactory voluntary dissolution, he filed a petition in April, 1912, in the United States District Court for the District of Minnesota, asking for a decree of dissolution that would restore competitive conditions.

While negotiations were still going on between the Attorney General and the International Harvester Co., the combination acquired a large proportion of the seeding-machine business by a contract dated March 1, 1912, whereby it agreed to purchase the entire output of the Richmond plant of the American Seeding Machine Co., and the latter company agreed to give the International the exclusive right to sell the Hoosier, Kentucky, and Empire lines of drills, seeders, sowers, and corn planters in the United States and foreign countries. The first contract was for five years, but it was renewed from time to time and now runs until November 1, 1920.²

Section 5 of this contract, which is apparently still in force, has a provision in which the International agrees not to sell in a large section of the United States any seeding machines except those manufactured by the American Seeding Machine Co.

Section 4.—The Government suit for dissolution, 1912-1918

The original petition in the suit of the United States of America v. The International Harvester Co. and others was filed April 30, 1912, in the District Court of the United States for the District of Minnesota. An examiner was appointed, voluminous evidence was taken, the Attorney General certified the importance of the case under the experting act, and the case came up for argument before the court during the October, 1913, term.

Attorney General McReynolds asked in the brief for the United States that a decree be entered adjudging that all the defendants were parties to an unlawful combination and monopoly and enjoining the continuance of the combination. He stated that the decree should provide that unless the defendants submitted to the court a plan for restoring bona fide competitive conditions and for bringing about a situation in harmony with the true intent and purposes of the law within 60 days, a receiver should be appointed to take possession of the properties and business of the defendant corporations, who would then bring about such results under the direction of the court. He further stated:

"In order that the plan may establish a condition of honest harmony with the law, it is imperative that it shall disintegrate the business of the principal defendant in such a manner that no two of the disintegrated parts should be acquired by or come under the

² In June, 1920, the Richmond plant of the American Seeding Machine Co. was purchased by the International Harvester Co.

control of companies having common stockholders or companies otherwise under common control or influence."²

60 Separation of foreign business in 1913.—During and on account of the suit for the dissolution of the International Harvester Co., a new company was organized on January 27, 1913. This was the International Harvester Corporation, to which were transferred all the foreign plants and business of the International Harvester Co., together with certain domestic plants exclusively engaged in the manufacture of so-called "new lines." The new company had a capital stock of \$70,000,000, of which \$30,000,000 was preferred and \$40,000,000 common. This was exactly one-half of the stock of the old International Harvester Co. and was divided in the same proportion of preferred and common. The stock of the International Harvester Co. was reduced to one-half the former amount, and the title of this company was changed to International Harvester Co. of New Jersey. The stockholders of the old International Harvester Co. were allowed to turn in their stock and receive in exchange therefor new stock certificates of the International Harvester Co. of New Jersey and the International Harvester Corporation for one-half the amount of preferred and common stock so turned in.³

Decision of district court in 1914.—On August 12, 1914, the district court handed down its decision adjudging the International Harvester Co. to be in violation of the first and second sections of the Sherman law. The court ordered that the International Harvester Co. be divided into at least three substantially equal and independent corporations. This part of the decision reads as follows:

"It will, therefore, be ordered that the entire combination and monopoly be dissolved; that the defendants have 90 days in which to report to the court a plan for the dissolution of the entire unlawful business into at least three substantially equal, separate, distinct, and independent corporations, with wholly separate owners and stockholders * * * and in case the defendants fail to file such plan within the time limit the court will entertain an application for the appointment of a receiver for all the properties of the corporate defendants, and jurisdiction is retained to make such additional decrees as may become necessary to secure the final winding up and dissolution of the combination and monopoly complained of and as to costs."⁴

Decrees filed in 1914.—On the 15th day of August the court entered a decree containing substantially the same provisions as those quoted above from the decision.

² Brief for the United States in the District Court of the United States for the District of Minnesota, October term, 1913, p. 176.

³ Report of the Commissioner of Corporations on International Harvester Co., 1913, p. 169.

⁴ 214 Fed., 1901.

On August 17, 1914, the International Harvester Co. filed a motion to amend this decree.

On October 3, 1914, the court modified the foregoing decree by striking out the following paragraph:

"It is adjudged and decreed that said combination and monopoly be forever dissolved, and to the end that the business and assets of the International Harvester Co. be separated and divided among at least three substantially equal, separate, distinct, and independent corporations, with wholly separate owners and stockholders, and that the defendants file with the clerk within 90 days a plan for such separation and division for the consideration of this court."

61 and substituting in its place the following:

"It is adjudged and decreed that said combination and monopoly be forever dissolved, and to that end that the business and assets of the International Harvester Co. be divided in such manner and into such number of parts of separate and distinct ownership as may be necessary to restore competitive conditions and bring about a new situation in harmony with law; and that the defendants file with the clerk within ninety (90) days a plan for such separation and division for the consideration of this court."*

Practically the only change made in the amended decree was that the division be in such manner and into such number of parts as might be necessary to restore competitive conditions, instead of specifying that the division be into three substantially equal and independent corporation, as in the first decree.

Appeal to the Supreme Court, 1915-1918.—The International Harvester Co. took an appeal to the Supreme Court of the United States. The case was argued twice before the Supreme Court, in 1915 and in 1917, after which it was again placed on the calendar for reargument. In both his briefs Attorney General Gregory asked that the decree of the district court be affirmed.¹

In January, 1918, the International Harvester case, along with several other antitrust cases, was continued on motion of the Attorney General on account of war conditions making it inadvisable to push the dissolution of these large corporations, which would require extensive financing in competition with the Government's own financial operations and flotation of loans.²

Section 3.—Agreement for voluntary dissolution and final decree, 1918.

On July 11, 1918, an agreement was entered into between the International Harvester Co. and Attorney General Gregory whereby the latter agreed to the dismissal of the case provided the International Harvester Co. would consent to a final decree which would provide

* Final Decree of District Court in the International Harvester case, p. 4.

¹ Briefs for the United States, 1915, p. 157, and 1917, p. 205.

² Motion to Continue, pp. 2-3; and Annual Report of the International Harvester Co. for 1917.

(1) for the sale of Osborne, Milwaukee, and Champion lines of harvesting machines to other implement manufacturers; (2) for the sale of the Champion plant at Springfield, Ohio, and the Osborne harvester plant at Auburn, N. Y.; and (3) for the International to have only one representative or agent in any city or town in the United States after December 31, 1919.

It will be noted that except for the restrictions as to dealers, this is substantially the same as the plan suggested by the International Harvester Co. six years before, to which Attorney General Wickersham refused to accede and which the Bureau of Corporations had regarded as inadequate.

@ The Federal Trade Commission had no opportunity at that time to express its opinion regarding the decree because it was not advised that such action was contemplated. The Commission was at that time just beginning an investigation of the farm-implement industry which, of course, included the International Harvester Co.

In compliance with the agreement of July 11, and on motion of the International Harvester Co., the appeal was dismissed by the Supreme Court in October, 1918, and the case was remanded to the district court at St. Paul for a final decree.

The final decree of the district court was filed November 2, 1918. In this decree the court reinstated the decree of October 3, 1914, as the final decree and added thereto the following provisions:

"It is therefore ordered that the decree hereinbefore set forth be reinstated as the final decree in this cause; and the name International Harvester Co. wherever hereinafter used includes both the original and the successor corporation of that name.

"And the parties having agreed upon and submitted to the court a plan for carrying into effect the order contained in said decree that the combination and monopoly therein adjudged unlawful be dissolved, and the court having considered and approved the plan, it is further ordered, in accordance therewith, as follows:

"(a) The defendants, International Harvester Co. and International Harvester Co. of America, their officers, directors, and agents, are hereby prohibited and enjoined, from and after December 31, 1919, from having more than one representative or agent in any city or town in the United States for the sale of their harvesting machines and other agricultural implements.

"(b) The International Harvester Co. shall, with all due diligence, offer for sale, at fair and reasonable prices, the harvesting-machine lines now made and sold by the International Harvester Co. under the trade names of "Osborne," "Milwaukee," and "Champion," respectively, including the exclusive right to use such trade names, and all patterns, drawings, blue prints, dies, jigs, and other machines and equipment specially used by the International Harvester Co. in the manufacture of said three harvesting-machine lines, respectively; and each purchaser must be a responsible manufac-

turer of agricultural implements in the United States, and, if a corporation, none of the defendants shall have any substantial stock interest in such purchaser, nor shall any defendant be such purchaser. The International Harvester Co., from and after the date of the entry of this decree, shall be required to accept a reasonable price from any purchaser approved by the United States for any of said lines of harvesting machines; and, in the event of a disagreement between the United States and the Harvester Co. as to what shall be or constitute a reasonable price for the property proposed to be purchased, such price shall be fixed by this court.

" (c) The International Harvester Co. shall also presently offer and endeavor to sell in connection with said harvester lines the "Champion" harvester plant and works at Springfield, Ohio, and the "Osborne" harvester No. 1 plant and works at Auburn, N. Y., and shall stand ready to accept a fair and reasonable price for either of said plants from any purchaser of either of the harvester lines hereinbefore mentioned; and in the event that the parties are unable to agree as to what is a fair price for either of said plants, the question at issue shall be submitted without formal pleadings, under the supervision and direction of the United States, to this court for decision and the finding of this court as to said question of a fair price shall be accepted by and be binding upon the International Harvester Co.

" (d) In the event that any one or more of said three lines of harvesting machines, including plants, patterns, etc., as aforesaid, shall not have been sold by the International Harvester Co. in pursuance of the terms and provisions of this decree within one year after the close of the existing war in which the United States is engaged then, upon the request of the United States, the same shall be sold at public auction to the highest bidder therefor, in such manner, time, and place as may be agreed upon between the United States and the International Harvester Co.; and in default of such agreement then under the order and direction of this court.

" (e) The object to be attained under the terms of this decree is to restore competitive conditions in the United States in the interstate business in harvesting machines and other agricultural implements, and, in the event that such competitive conditions shall not have been established at the expiration of 18 months after the termination of the existing war in which the United States is engaged (or at the expiration of 2 years from the date of the entry of this decree in the event that said war shall be terminated within less than 6 months after the entry of this decree) then and in that case the United States shall have the right to such further relief herein as shall be necessary to restore said competitive conditions and to bring about a situation in harmony with law; and this court reserves all necessary jurisdiction and power to carry into effect the provisions of the decrees herein entered."²

² Final Decree, International Harvester case, District Court of the United States for the District of Minnesota, pp. 5, 6, and 7.

vester Co. was given until "one year after the close of the existing war" to dispose of these lines and plants.

The Federal Trade Commission act provides that the commission shall have power—

"Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain any violation of the antitrust acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out * * *."

The commission has, therefore, considered what effect the separation of the three lines and the two plants would have on the business of the International Harvester Co. In examining this question it is pertinent to consider the situation just before the suit was brought and also at the time of the final decree in 1918. It will be sufficient to give a few salient facts to make the matter clear.

Investment in domestic implement plants.—The investment of the company in implement plants has been obtained for each of the years 1902 to 1918, inclusive. It is given below for 1910 and 1918 in order to show the situation at about the time the suit was brought and also at the time of the final decree. The effect of the separation of the Osborne and Champion plants on the company's investment in domestic implement plants in 1910 is shown in the following table:

TABLE 162.—*Book investment of International Harvester Co. in domestic implement plants on Dec. 31, 1910*

Implement plants in United States	Fixed and equipment	
	Dollars	Per cent
Champion	1,495,547	4.1
Osborne	2,556,508	9.4
Osborne and Champion combined	4,052,055	13.5
McCormick	12,471,857	46.1
Deering	1,932,258	22.4
Other implement plants	7,476,067	24.5
Total implement plants	26,942,685	100.0

* Includes tillage works at Osborne plant.

The figures for the Osborne plant, as shown in the table, include the investment in the tillage plant, which is to be retained by the International Harvester Co. The investment in the tillage plant is included, because it could not be separated from that in the harvester works with the information at present available. But, even including this tillage plant investment, the proportion which the investment of the Osborne and Champion plants combined bore to all domestic implement plants was only 12.9 per cent, while the combined investment of the McCormick and Deering plants was about 63 per cent of the total.

The investment of the International Harvester Co. in various domestic implement plants in 1918 is shown in the following table:

TABLE 103.—*Book investment of the International Harvester Co. in domestic implement plants on Dec. 31, 1918, as reported by the company*

Implement plants in United States	Plant and equipment	
	Dollars	Per cent
Champion	1,201,906	3.5
Osborne	1,870,822	5.4
Champion and Osborne combined	3,072,728	8.9
McCormick	10,937,652	31.5
Deering	6,148,266	17.7
Other implement plants	14,525,073	41.9
Total implement plants	34,682,249	100.0

¹ Includes tillage plant also.

The above table shows that the investment in the Champion and Osborne plants combined was only 8.9 per cent of the International's total investment in domestic implement plants, while the investment in the McCormick and Deering plants combined was nearly 50 per cent. The development of new line plants had increased the investment in the other domestic implement plants shown in the table. In 1910 these other implement plants had only 24.2 per cent of the total investment in domestic implement plants, while in 1918 they had 41.9 per cent.

POSITION IN THE HARVESTING MACHINE INDUSTRY.—The number of harvesting machines manufactured in the United States during the manufacturing seasons 1910 and 1918 was also obtained. The following table shows the number of these machines manufactured by the several domestic plants during the manufacturing season of 1910:

TABLE 104.—*Number of harvesting machines manufactured by the International Harvester Co. in the United States, by lines, during the manufacturing season ending Sept. 30, 1910*

Brand	Grain binders		Mowers		Rakes ¹		Corn binders	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Champion	3,143	2.5	8,863	3.4	11,917	7.5	5	—
Osborne	6,470	5.1	19,339	7.4	23,672	14.9	565	3.0
Milwaukee ²	7,196	5.9	13,439	5.2	6,722	4.2	1,868	10.0
Total	16,809	13.4	41,641	16.0	42,311	26.6	2,438	13.0
McCormick	55,060	43.9	115,079	44.2	67,894	42.6	8,791	46.0
Deering	52,083	41.6	96,104	36.9	45,650	28.7	7,812	41.0
Other brands ³	1,457	1.1	7,796	2.9	3,465	2.1	—	—
Total	120,302	100.0	260,526	100.0	150,226	100.0	19,001	100.0

¹ Exclusive of side-delivery and sweep rakes.

² Manufactured at McCormick works.

³ Includes Plano brand manufactured at Deering works and Keystone brand manufactured at McCormick works.

The proportion the Osborne, Milwaukee, and Champion brands bore to all brands in 1910 did not exceed 16 per cent for any of the harvesting machines shown except rakes, where the proportion was 26.6 per cent of the total. Of the other harvesting machines, their

proportion for mowers was highest, being 16 per cent, and their proportion for corn binders was lowest, being 13 per cent. Their proportion for grain binders was 13.4 per cent. The proportion the McCormick and Deering brands combined bore to all brands was 85.5 per cent for grain binders, 81.1 per cent for mowers, 71.3 per cent for rakes, and 87 per cent for corn binders.

Of the different brands shown, the Champion brand had the smallest number of machines, except for rakes, and the McCormick brand had the largest number.

67 The number of different harvesting machines manufactured at domestic plants in 1918 is shown in the following table:

TABLE 165.—Number of harvesting machines manufactured by the International Harvester Co. in the United States, by lines, during the manufacturing season ending Sept. 30, 1918

Brand	Grain binders		Mowers		Rakes ¹		Corn binders	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Champion	3		2,081	1.9	817	1.7		
Osborne	1,351	2.6	5,394	4.8	5,080	10.7	1,944	5.9
Milwaukee ²	1,244	2.5	5,040	4.5	1,215	2.6	2,978	11.2
Total	2,597	8.9	11,101	10.0	7,112	15.0	4,922	14.9
McCormick	27,800	51.3	55,871	50.1	22,080	47.9	12,572	40.4
Deering	25,379	45.9	44,539	40.9	17,610	37.7	10,808	38.1
Total	53,179	100.0	111,301	100.0	47,690	100.0	27,600	100.0

¹ Manufactured at McCormick works.

The above table shows that the Champion, Osborne, and Milwaukee brands combined had decreased in 1918 as compared with 1910, not only in number but also in percentage of the total, and that the McCormick and Deering brands combined, while they had decreased in number, had increased in percentage of the total. A comparison of the percentage for the two groups of companies is shown in the following tabulation:

Kind of machine	Percentage of machines manufactured in the United States	
	Champion, Osborne, and Milwaukee brands combined	McCormick and Deering brands combined ¹
Grain binders		
1910	15.4	85.1
1918	4.0	95.1
Mowers		
1910	16.0	81.1
1918	10.0	90.0
Rakes		
1910	26.6	71.3
1918	15.0	85.0
Corn binders		
1910	15.0	87.1
1918	14.9	90.1

¹ In 1910 the Plano and Keystone brands had the following percentages of the totals: For grain binders 1.1 per cent, for mowers, 2.9 per cent, and for rakes, 2.1 per cent. In 1918 no Plano or Keystone harvesting machines were manufactured.

The above statement shows an extensive decline in the Champion, Osborne, and Milwaukee combined percentage for all the implements shown except corn binders, where there was a slight increase. On the other hand, the percentage of the McCormick and Deering brands combined made large increases for each implement except corn binders, where there was a slight decrease.

The tables above show the number of machines manufactured by plants of the International in the United States. Tables have also been prepared showing the number of machines sold in the United States and Canada that were manufactured by plants of the International in the United States. Of course the number of machines sold, as shown in the latter tables, is smaller in most cases than the number of machines manufactured, as shown in the former tables, as the machines made in the United States but sold in foreign countries, other than Canada, are omitted from the latter tables.

The following table shows the number of harvesting machines sold in the United States and Canada in 1910 of domestic manufacture at the plants of the International:

TABLE 165.—Number of harvesting machines sold in the United States and Canada from domestic plants of the International Harvester Co. during the selling season of 1910

Brand	Grain binders		Mowers		Rakes ¹		Corn binder	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Champion	2,551	2.7	6,673	4.0	6,355	6.0	64	0.2
Osborne	4,217	4.5	16,016	6.0	11,200	10.7	1,265	4.3
Milwaukee ²	5,960	2.7	6,746	4.1	3,275	3.1	2,882	10.8
Total	12,728	12.9	29,435	14.1	20,830	19.8	4,211	15.8
McCormick	26,849	41.3	79,958	48.2	48,782	46.2	12,794	47.8
Deering	62,315	45.0	61,125	26.8	34,824	32.9	9,745	36.4
All other brands	702	.8	1,482	.9	1,145	1.1		
Total	90,964	100.0	166,034	100.0	105,611	100.0	25,779	100.0

¹ Exclusive of side-delivery and sweep rakes.

² Manufactured at McCormick works.

The proportion of the Champion, Osborne, and Milwaukee brands combined was smaller for all the machines except corn binders for the number sold in 1910, as shown in the above table, than was their proportion for the number manufactured in 1910 as shown in Table 164. For corn binders their proportion of the number sold was slightly higher than was their proportion of the number manufactured, being 15.8 per cent and 13 per cent, respectively.

The following table shows the number sold in 1918:

TABLE 165.—Number of harvesting machines sold in the United States and Canada from domestic plants of the International Harvester Co. during the selling season of 1918

Brand	Grain binders		Mowers		Rakes ¹		Corn binders	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Champion	423	0.2	701	1.0	470	1.3		
Osborne	1,087	2.0	3,440	4.3	2,733	10.0	701	1.1
Milwaukee	1,040	1.9	1,407	1.9	390	1.7	1,190	4.3
Total	2,550	4.4	5,548	7.2	4,593	13.0	1,891	8.0
McCormick	36,937	68.1	37,743	51.0	17,792	50.3	8,930	38.9
Deering	26,373	47.9	36,149	48.2	12,773	35.1	7,021	30.1
Total	63,310	100.0	73,892	100.0	30,565	100.0	15,951	100.0

In 1918 the proportion of the Champion, Osborne, and Milwaukee brands combined was smaller for the number sold in the case of every one of the machines shown than was their proportion for the number manufactured in 1918, as shown in Table 165.

A comparison of the percentages of machines sold under the Champion, Osborne, and Milwaukee brands combined and under the McCormick and Deering brands combined is shown in the following table:

Kind of machine	Percentage of machines of domestic manufacture sold in United States and Canada	
	Champion, Osborne, and Milwaukee brands combined	McCormick and Deering brands combined
Grain binders		
1918	12.9	60.3
1919	4.8	95.4
Mowers		
1918	74.1	85.0
1919	7.9	92.5
Rakes		
1918	19.9	70.1
1919	13.5	88.4
Corn binders		
1918	15.0	64.2
1919	9.0	31.0

¹ The Flinn and Keystone brands in 1918 had the following percentages of the total: For grain binders, 0.4 per cent; for mowers, 0.9 per cent; and for rakes, 1.1 per cent. In 1919 these two brands were not sold in the United States or Canada.

The above tabulation shows that the percentage of the Champion, Osborne, and Milwaukee machines sold in the United States and

Canada decreased in every case between 1910 and 1918, while the percentage of the McCormick and Deering machines sold in the United States and Canada increased in every case. The Champion, Osborne, and Milwaukee percentage had decreased to such an extent by 1918 that it was less than 10 per cent of the total, except for rakes, where it was 13.6 per cent.

The above tabulations for number manufactured and number sold both show that there was a great decline between 1910 and 1918 in the importance of these minor brands of harvesting machines as compared with the McCormick and Deering brands.

Factory costs.—The Commission obtained the factory costs as reported by the company for the different brands of machines for each of the years 1910, 1916, and 1918.

The following table shows the factory costs, by brands, of machines made in 1910 as reported by the company:

TABLE 168.—Factory costs¹ of harvesting machines sold in the United States and Canada by the International Harvester Co. in 1910.

Brand	Grain binder		Mower	Rake	Corn binder
	5, 6, and 7 foot	8-foot			
Champion	\$96.72	\$72.32	\$36.70	\$11.69	\$47.12
Osborne	60.59	68.62	25.17	10.39	47.12
Milwaukee	55.70	65.01	10.64	11.00	47.12
McCormick	51.78	58.74	17.95	9.74	44.21
Deering	60.73	55.14	38.75	10.12	47.45
Excess cost—Champion over Deering	36.00	17.18	2.95	1.56	7.31
Excess cost—Osborne over Deering	10.60	12.88	3.42	.27	7.31

¹ Do not include selling expense.

² Manufactured at McCormick plant.

³ Less than Deering.

The foregoing table shows the high factory costs of the Champion and Osborne harvesting machines in 1910 as compared with the McCormick and Deering machines. The Milwaukee machines are made in the McCormick plant, and their factory costs were not very different from those of the McCormick machines, except for the 8-foot grain binder and the corn binder.

Comparing the cost of Champion and Osborne machines with the Deering machines it would appear that the former were of little direct value to the International Harvester Co. For example, the 5, 6, and 7 foot Champion grain binder had factory costs \$16.99 higher than the Deering binders, and the Osborne binders of the same size were \$10.66 higher than the Deering binders. There were comparatively small differences for rakes, while the Champion and Osborne corn binder costs were both \$0.31 less than the Deering costs.

The Deering and McCormick costs did not differ much, McCormick costs being slightly higher on grain binders but lower on mowers, rakes, and corn binders.

71 The following table shows the costs of the different machines shipped in 1916:

TABLE 169.—Factory costs, of the International Harvester Co. for machines shipped in the domestic trade (Oct. 31, 1915, to Oct. 31, 1916, as reported by the company)

Brand	Grain binder		Mower	Rake	Corn binder
	5, 6, and 7 foot	8-foot			
Champion	\$14.21	\$19.03	\$25.95	\$11.68	—
Osborne	50.32	78.17	23.82	11.71	\$36.02
McCormick ¹	56.80	62.14	23.22	10.58	49.59
Deering	54.44	60.20	23.47	11.52	52.98
Reason cost—Champion over Deering	19.77	24.70	6.53	10	—
Reason cost—Osborne over Deering	14.88	17.94	3.43	10	7.98

¹ Do not include selling expense.

² Includes Milwaukee brand, which is manufactured at the McCormick plant.

The McCormick and Milwaukee machines could not be separated for the above table, the figures shown for McCormick being average costs of the McCormick and Milwaukee machines combined.

The table shows that while the costs of all the different brands had advanced, the Champion and Osborne machines still labored under an immense handicap, the Champion costs on 5, 6, and 7 foot grain binders being \$19.77 higher than Deering costs and Osborne costs \$14.88 higher than Deering. On mowers the differences were smaller, while there was little difference in the cost of rakes of the different brands. The Osborne corn binder had costs in 1916 that were \$7.96 higher than the Deering costs.

The following table shows the factory costs of machines manufactured in 1918:

TABLE 170.—Factory costs¹ of domestic harvesting machines made by the International Harvester Co. in 1918, as reported by the company

Brand	Grain binder, 6-foot, with bundle carrier	Grain binder, 8-foot, with bundle carrier	Mower	Rake	Corn binder with bundle carrier
Champion	\$120.92	—	\$95.07	\$22.83	—
Osborne	121.67	\$140.19	44.79	25.83	\$112.00
Milwaukee ²	170.00	124.40	56.90	29.90	96.00
McCormick	101.14	118.08	70.70	26.10	97.11
Deering	94.37	115.14	36.60	21.54	105.56
Reason cost—Champion over Deering	\$26.45	—	11.29	1.40	—
Reason cost—Osborne over Deering	27.30	24.41	8.60	3.14	10.44

¹ Do not include selling expense.

² Five-foot size.

³ Manufactured at McCormick plant.

⁴ Reason cost of 5-foot Champion binder over 6-foot Deering binder.

The factory costs of all the brands in 1918 show large advances over the 1916 costs.

72 The Champion and Osborne brands advanced more than the other brands, which increased the spread between their costs and the costs of the other brands.

As shown in the table of 1918 costs above, the excess costs of the Champion and Osborne brands over the Deering brand were \$28.45 and \$23.30, respectively, for 6-foot binders; \$11.28 and \$5.05, respectively, for mowers; and \$1.45 and \$2.24, respectively, for rakes. No Champion 8-foot grain binders or corn binders were manufactured in 1918. The Osborne 8-foot grain binder cost was \$24.61 greater than the Deering cost, and the Osborne corn binder cost was \$10.67 greater than that for the Deering.

The McCormick brand showed somewhat higher cost on the grain binders than the Deering brand, and somewhat lower cost on mowers and rakes, while its costs on corn binders were much lower than the Deering.

The Milwaukee brand, which is made at the McCormick plant, was considerably higher than the McCormick brand on grain binders and corn binders, and a little lower on mowers and rakes.

The table shows the extremely unfavorable position of the Champion and Osborne brands in regard to costs as compared with the McCormick and Deering brands. The Milwaukee brand, which compares more favorably with the Deering and McCormick brands, it will be remembered, is manufactured at the McCormick plant and has not yet been sold.

Comparison of total cost of six companies.—A comparison of the total cost sold of the McCormick harvesting machines with the harvesting machines of five other manufacturers is shown in the following table:

TABLE 171.—Comparison of total costs sold of McCormick harvesting machines and the harvesting machines of five other manufacturers, 1916 and 1918

Manufacturer	Grain binder, 6-foot	Mower, 5-foot	Dump hayrake, 10-foot	Corn binder
1916				
McCormick	\$76.71	\$27.72	\$14.79	\$72.10
Deering	87.81	31.34	15.44	88.87
Champion	103.21	33.23	18.62	94.66
Osborne	108.99	33.10	14.76	103.51
Milwaukee	117.28	36.65	18.33	109.51
Osborne	131.89	40.32	21.08	137.53
1918				
McCormick	119.77	45.66	24.54	112.02
Deering	131.23	50.00	26.05	152.78
Champion	147.85	48.50	28.23	129.71
Osborne	164.79	52.65	25.44	155.30
Milwaukee	181.65	50.56	52.67	155.30
Osborne	202.73	65.35	34.43	215.65

† 4-foot size.

† With transportation truck.

† 6-foot size.

† 9-foot size.

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- 73 Total cost sold includes factory cost and selling, general, and administrative expense.

The total costs of the International for the McCormick machine were lower in both 1916 and 1918 than the machines of any other manufacturer, especially for the grain binder and corn binder. The McCormick costs would be even lower were the intercompany profits of several dollars per machine in the steel furnished by the subsidiary steel plant eliminated.

Effect of final decree.—It is apparent from the facts given in the preceding part of this section that the separation of the Champion, Osborne, and Milwaukee brands and the Champion and Osborne harvester works from the International Harvester Co. will have little effect on the dominating position of that company in the harvesting-machine line, especially as regards grain binders. This results from three factors: (1) The small and constantly decreasing importance of those brands and plants as compared with the other brands and plants retained by the company; (2) the large and constantly increasing excess factory costs of two of the three brands surrendered as compared with the factory costs of the two brands retained; and (3) the low total cost of the McCormick and Deering harvesting machines as compared with the total costs of the harvesting machines manufactured by other companies.

This indicates that the International Harvester Co. need not fear the competition of any company to which it sells the above-named plants and brands, nor of any company already manufacturing harvesting machines. As a matter of fact, the International is still manufacturing the Osborne and Champion lines and selling the machines to the Emerson-Brantingham Co. and B. F. Avery & Sons at certain prices mutually agreed upon. And, as already stated, it has not yet sold the Milwaukee line nor the Champion or Osborne plants. It would appear, therefore, that up to the present the final decree has not much affected the harvesting machine lines of the International Harvester Co., nor will it do so when the decree has been complied with completely.

Section 7.—Profits of the Wisconsin Steel Co.

The final decree did not touch upon one of the strongest elements in the competitive power of the International Harvester Co. This is the profit which that company derives through its ownership of the Wisconsin Steel Co. property. In fact, the large profits derived from this property further reduce the already low costs of the International's implements so that other companies are at greater disadvantage than appears in Table 171. That the ownership of the

steel plants is not necessary to the implement business is indicated by the fact that no other implement manufacturer owns any.

74 Indeed a steel plant which embraces, as this one does, ore mines, ore vessels, coal mines, coke ovens, and blast furnaces, in addition to the steel works and rolling mills, in order to be efficient requires such a large output that no farm implement manufacturer could use its entire product. As a matter of fact, the International, although its sales are larger than the combined sales of the other 25 companies that are covered by the investigation, now uses in its implement plants less than half of the product of its steel plants.

The large profits of the Wisconsin Steel Co. are shown in the following table:

TABLE 172.—*Profits of the Wisconsin Steel Co., 1913-1918, as revised by the commission*

Year	Net sales	Net income before charging interest	Invested capital, including borrowings	Per cent of net income to invested capital ¹
1913	\$10,596,361	\$3,346,735	\$10,403,866	32
1914	8,188,640	1,302,525	10,658,372	11
1915	8,187,369	2,675,142	11,413,098	23
1916	17,111,390	7,401,381	10,287,054	72
1917	26,464,267	12,055,620	10,171,133	119
1918	27,443,400	9,703,433	12,065,434	80
Average	15,831,905	6,064,139	10,833,163	56

¹ The investment shown here is about \$5,500,000 less than the investment shown on the company's books. The reduction made by the commission was mainly in the excessive ore mine values. (See Report of the Commissioner of Corporations on the International Harvester Co., pp. 111-117, 224.)

The above table shows that the Wisconsin Steel Co. made an average annual return on investment of 56 per cent for the six-year period, 1913-1918, inclusive. The highest return was 119 per cent in 1917, and the lowest was 11 per cent in 1914.

The average annual net income for the six-year period was \$6,064,139, which was made on average annual net sales amounting to \$15,831,905. The greatest annual net income was \$12,055,620 in 1917, which was made on annual net sales amounting to \$26,464,267.

During normal times in 1913 the Wisconsin Steel Co. made 32 per cent on investment. During the two years the United States was engaged in the war the profit averaged 98 per cent on the investment.

The following table shows the sales and profits of the raw-material companies, the railroad properties, and the implement companies of the International Harvester combination, by years, from 1913 to 1918, inclusive.

75 TABLE 173.—Sales, net income, and investment of the International Harvester Co., International Harvester Co. of New Jersey, and International Harvester Corporation, separated as between the subsidiary raw material, railroad, and implement and twine companies, 1913-1918, as revised by the commission

Company	Net sales ¹	Net income before charging interest ²	Capital invested, including borrowings and outside investments	Per cent of net income to capital invested ³
1913				
Wisconsin Steel Co.	\$10,598,361	\$3,346,735	\$10,493,998	32.17
Wisconsin Lumber Co.	401,287	67,087	1,461,231	4.59
McLeod & Co.	6,014,228	27,263	3,303,039	.83
Total, raw-material companies	17,013,876	3,440,885	15,158,268	22.41
Railroad companies		142,567	1,778,102	7.91
Implement and twine companies	114,185,560	19,752,137	192,171,405	10.28
Total	131,197,436	23,345,189	309,115,243	11.07
1914				
Wisconsin Steel Co.	5,188,640	1,202,520	10,658,372	11.28
Wisconsin Lumber Co.	143,831	101,678	1,536,312	6.62
McLeod & Co.	5,096,638	65,027	1,781,353	3.59
Total	10,429,109	1,369,225	13,976,037	9.81
Railroad companies		31,700	1,946,284	2.40
Implement and twine companies	104,083,373	18,863,328	272,949,636	7.37
Total	114,512,482	19,101,102	286,731,957	7.58
1915				
Wisconsin Steel Co.	8,187,300	2,675,142	11,413,088	23.44
Wisconsin Lumber Co.	198,642	119,881	1,758,844	6.82
McLeod & Co.	4,830,828	153,563	1,137,857	13.50
Total	13,216,770	2,948,586	14,310,790	19.90
Railroad companies		111,790	1,935,565	6.02
Implement and twine companies	100,672,578	17,289,201	274,336,314	7.71
Total	113,889,348	20,109,585	290,582,669	8.38
1916				
Wisconsin Steel Co.	17,111,760	7,601,581	10,297,054	71.90
Wisconsin Lumber Co.	285,314	186,786	1,743,915	10.74
McLeod & Co.	6,090,671	232,045	1,825,196	12.71
Total	23,487,745	7,820,412	13,866,165	54.4
Railroad companies		158,962	1,927,900	8.22
Implement and twine companies	105,643,351	20,576,967	219,564,552	9.37
Total	129,131,096	20,735,381	233,358,617	12.02
1917				
Wisconsin Steel Co. and steel department ⁴	26,454,267	12,055,620	10,171,133	118.00
Wisconsin Lumber Co.	925,243	82,155	1,751,627	4.62
McLeod & Co.	11,489,605	635,246	2,657,674	23.90
Total	38,869,115	12,773,021	14,580,434	87.6
Railroad companies		58,419	2,015,000	2.9
Implement and twine companies	126,378,828	26,773,054	274,185,049	13.7
Total	165,247,943	42,618,100	290,791,283	17.70
1918				
Wisconsin Steel Co. and steel department ⁴	27,643,436	9,702,433	12,005,434	80.45
Wisconsin Lumber Co.	559,765	151,581	1,718,146	8.80
McLeod & Co.	10,344,509	836,462	4,103,789	20.20
Total	38,547,710	10,740,476	17,827,369	77.54
Railroad companies		100,580	1,835,147	5.45
Implement and twine companies	169,171,518	25,869,742	255,633,131	15.38
Total	207,719,228	46,710,800	275,355,647	18.04

¹ Sales and net income of the three raw material companies include sales and profits on sales to the implement companies of the International as well as those to outside companies.

² Total net income of all companies before charging interest as shown in the above tables is before adjusting the profits in the steel from Wisconsin Steel Co. works in inventories of the International Harvester Co.

³ The percentage of total net income to invested capital is for the International Harvester Co. and International Harvester Corporation and their subsidiaries combined and not contributed as given in Chap. III.

⁴ Iron.

⁵ The two mines in Minnesota and the blast furnace and steel mills at Chicago of the Wisconsin Steel Co. were transferred to the International Harvester Co. of New Jersey on Dec. 31, 1915. The Wisconsin Steel Co. still retained the coal mines and coke ovens in Kentucky.

It is necessary to point out that the total amounts of the annual sales shown in the preceding tables do not agree with the amounts of the net sales of the International Harvester Co. shown in Chapter III. The difference is due to the fact that in the tables given in this chapter the subsidiary companies of the International Harvester Co. and International Harvester Corporation are treated as separate companies, intercompany sales between them and their subsidiaries not being eliminated, whereas in Chapter III the International Harvester Co. and the International Harvester Corporation and their subsidiaries have been consolidated and considered as one company, consequently eliminating such intercompany sales.

The table shows the financial results for the raw-material companies as though they were independent concerns—that is, their net sales and net income include the sales and income from sales to the implement companies of the International as well as on those to the outside concerns. The purpose of this is to indicate the real profits obtained by the International through its ownership of its steel properties.

The rate of return on investment for the steel business was very large every year, ranging from 11.28 per cent in 1914 to 118.53 per cent in 1917.

The lumber company was unprofitable, showing losses in the first four years and moderate profits only in the last two years.

The fiber company, McLeod & Co., showed a small loss in 1913, small profits in 1914, fairly high profits in 1915 and 1916, high profits in 1917—about 24 per cent—and moderate profits in 1918.

77 The railroads averaged fair profits for such property during the period 1913 to 1917, inclusive, and showed a loss of about 6 per cent in 1918.

The implement and twine companies showed generally only fair profits during the period 1913 to 1916, inclusive, but showed profits for 1917 and 1918 that may be considered large for a company of such size with such a variety of product and with such an extensive control of the industry, and consequently with such small risk or hazard.

The important point, however, is that the excessive profits made on steel had the effect of further increasing the total profits of all companies combined, and this in spite of the low profits and even losses of the lumber, fiber, and railroad concerns. The following tabulation shows the rate of profit on investment made by implement and twine companies and by the steel company:

Year	Implement and twine companies ¹	Steel company
1913	10.28	31.17
1914	7.87	11.28
1915	7.71	23.44
1916	9.37	71.95
1917	13.28	118.55
1918	13.28	96.45

¹ Before the adjustment of intercompany profit in the steel purchased from the Wisconsin Steel Co. in the inventories of the International Harvester Co.

The above tabulation shows why the steel profits enhanced the profits of the International Harvester Co. as an entirety to a rate higher than was earned by the implement and twine companies, although the steel investment was less than 5 per cent of the total investment of the International Harvester Co.

In so far as the steel company sold its products to the implement companies of the combination, it charged such companies the market prices. If it had not done so, the costs of the implements manufactured by the implement companies would be largely reduced. But whichever way the combination chose to charge these materials, it is evident that the net result to the combination as a whole was the same. From a competitive point of view, however, it greatly increased the combination's power to dictate prices because of lower net costs.

Section 8.—Character of dissolution that would restore competition

In view of the facts set forth in the preceding sections of this chapter, the Commission is of the opinion that the final decree of November 2, 1918, will fail in its purpose to "restore competitive conditions in the United States in the interstate business in harvesting machines and other agricultural implements." The

78 court, however, stated in the final decree that in the event such competitive conditions were not restored "at the expiration of 18 months after the termination of the existing war" the United States should have the right to such further relief as shall be necessary to bring about a condition in harmony with the law.

The commission is of the opinion that further steps are necessary to secure the objects aimed at by the decree.

The monopolistic power of the International Harvester Co. is chiefly with respect to harvesting machine lines, and particularly with respect to grain binders. The maintenance of this monopolistic power is aided by the steel-making business of the company.

The division of the business of the International Harvester Co., therefore, should be in such a way as to divide effectively the harvesting machine lines and to separate therefrom the steel business, which is obviously too large to be left with either of them. To make any such division of the harvesting machine lines effective in restoring competition it is absolutely essential to separate the McCormick and Deering plants and the McCormick and Deering brands. It would also be necessary, of course, to enforce absolute separation of ownership of the stock in the new companies to be organized.

On this basis it is suggested that the plants and business of the International Harvester Co. be so divided that there shall be at least two implement companies and a steel company, the Deering and McCormick plants being in different companies. It is not very important what is done with the lumber company or the fiber company. Merely as a concrete illustration of this idea the following division is suggested:

IMPLEMENT COMPANY A	IMPLEMENT COMPANY B	STEEL COMPANY
Deering.	McCormick.	Steel works.
Milwaukee.	McCormick tractor.	Ore mines.
Osborne tillage.	Akron.	Coal mines.
Plano.	Weber.	
Keystone.	Parlin & Orenderff.	
Chattanooga.	St. Paul.	
Chatham (Canada).	Hamilton (Canada).	
Lubertzy (Russia).	Neuss (Germany).	
Croix (France).	Norrköping (Sweden).	

The plan of dissolution as outlined above assumes that the decree of the district court of November 2, 1918, is to remain in force so far as it requires the sale by the International Harvester Co. of its Osborne, Champion, and Milwaukee harvesting lines and its Osborne harvester plant and Champion plant. If such a dissolution as that suggested above were effected it would appear no longer necessary to make any restriction with respect to the number of dealers handling the implements of either of the proposed new companies in any town.

79 It is necessary to separate the McCormick and Deering plants and brands because it is these that, illegally combined in 1902, have given the International Harvester Co. its monopolistic position in the harvesting machine lines. By their volume of output, their low cost of production, and their reputation in the trade, the possession of these two plants and brands makes effective competition from any other implement manufacturer illusory.

The ownership of iron and steel works and ore and coal mines by the International Harvester Co., apart from the foundry equipment, which is not a part of the steel property, is not a necessary feature in the successful operation of a concern manufacturing agricultural implements. Such ownership, however, especially of the steel inter-

ests, increases the monopolistic position of the International Harvester Co. by furnishing it either with large profits from the steel business or with materials at cost, which, in view of the International's already low cost of manufacture, makes effective competition from other companies on harvesting machines impossible.

One of the most important considerations in connection with the proposed division of the International Harvester Co. is the enforcement of absolute separation in the ownership of the stock in the several new companies to be organized, which was demanded by the Attorney General in 1912. Community of interest established by pro rata distribution of the stocks of the new companies among the stockholders of the old companies would prevent the development of real competition between them. This danger is especially to be feared as a single family group of stockholders would apparently have an effective control and perhaps a majority interest in the stock of each of the new companies.

The specious objection formerly raised that any such division as outlined above would jeopardize the foreign business and exports of the company is certainly no longer of any force whatever. Each of the two implement companies in such a division of the implement business would have plants in the United States, Canada, and Europe, and, in regard to the export business from the United States plants, these two companies, and other implement companies also, if they so desired, could now form a company under the Webb-Pomerene Act for the export of implements.

In the above dissolution plan for the separation of the McCormick and Deering plants and the steel business, the other plants are arranged in such a way as to furnish a practically full line to each of the two implement companies resulting from the division. A full line is one of the most striking developments of the implement business and one that is apparently bound to be an even more conspicuous feature in the future. It represents opportunities for greater advantages in the sale of goods, greater security in the risk
80 element, and better facilities for securing the best retail dealers.

Expansion of business in the direction of the full line, whether by growth of a single concern or the consolidation of several concerns, when confined to normally related lines, does not present the objectionable and monopolistic features of a combination of competing producers. Expansion of business in this direction does not have a tendency to destroy competition, but rather to increase it. Therefore, the plan suggested above for the division of the business of the International Harvester Co. has been made on the basis of establishing for each of the new implement companies, so far as possible, a full line of implements.

That the two companies into which it is proposed to divide the combination would have a comparatively full line at the domestic plants is shown in the following table:

TABLE 174.—Distribution between proposed companies "A" and "B" of number of machines shipped from United States factories of the International Harvester Co., season of 1916¹

Kind of machine	United States plants	
	Company A	Company B
	Number	Number
Grain machines		
Grain binders	50,173	53,511
Reapers	9,738	9,826
Headers	4,160	4,073
Harvester-threshers	503	169
Strippers	500	
Grass machines		
Mowers	76,415	80,501
Rakes	20,761	39,790
Rakes, side-delivery	7,023	
Rakes, sweep		10,846
Tedders	97	
Stackers		2,422
Hay binders	12,949	
Corn machines		
Corn binders	8,790	11,743
Shredders, small	324	493
Shredders, large	6	125
Forage cutters		2,156
Corn planters	9,739	4,061
Corn pickers	264	106
Shellers, hand	6,282	
Shellers, power	772	
Tillage implements		
Cultivators, 1-horse	30,739	
Cultivators, 2-horse	15,136	23,571
Disk harrows	57,639	8,849
Harrows, spring-tooth section	72,681	8,835
Harrows, spring-tooth	34,714	
Plows		33,704
Seedling machines		
Seeders, broadcast	25	
Drills	259	
Wagons and spreaders		
Wagons, 1-horse	259	251
Wagons, 2-horse	9,732	12,612
Wagons, 4-horse	8	1,918
Chairs, 1-horse	3,864	7,960
Chairs, 2-horse	11,736	
Manure spreaders	18,012	
Cotton separators		
Engines and tractors		
Engines, 1-horse	4,320	7,677
Engines, all others	5,184	4,505
Tractors, 8-16 and 16-20	2,127	8,166
Tractors, all others	611	334
Motor trucks		2,070
Motor-truck chassis		370
Miscellaneous		
Knife grinders	6,062	16,719
Feed grinders	4,453	
Twine	pounds 114,648,313	109,673,742
Approximate factory cost	\$24,300,000	\$25,100,000

¹ Implements manufactured by the Chattanooga Plow Co. are not included, but those of the Furber & Grondorf Co. are included in the table.

As shown by the above table company B has practically a full line of implements, as has also company A, except for plows. But the Chattanooga Plow Co., which is not included in the above table, has been assigned to company A according to the plan on page 674, and this would give this company a line of plows, thus completing full lines for both companies. Both companies would be substantially equal in size also, as is shown by the number of implements shipped by each and by the approximate total factory cost given at the end of the table.

That the two companies would be substantially equal in size is also indicated by the following table, which shows the manufacturing costs at domestic and foreign plants for company A and company B in 1918:

TABLE 175.—*Factory costs of machines manufactured by plants of proposed "A" and "B" companies for year ending Oct. 1, 1918*

Plant	Machines	Repairs	Twine	Total
A company				
<i>Domestic—</i>				
Ipswich	\$9,084,649	\$1,713,101	\$13,870,084	\$23,667,834
Milwaukee	16,103,257	1,046,836		17,150,093
Osborne tillage and twine ¹	2,079,868	130,301	6,079,415	8,289,584
Plano	2,901,957	362,600		3,264,557
Keosauqua	2,417,962	60,796		2,478,758
Chatham ²				400,000
Total, domestic	33,547,693	3,263,635	19,949,499	56,760,827
<i>Foreign—</i>				
Chatham (Canada)	710,117	10,709		720,826
Liberty (Russia) ³	2,999,444	98,815		3,098,259
Cruik (France) ³	1,493,891	65,385	730,948	2,290,224
Total, foreign	5,073,452	174,909	730,948	5,979,309
Total, domestic and foreign	38,621,145	3,438,544	20,680,447	62,740,141
B company				
<i>Domestic—</i>				
McCormick harvester	12,216,000	2,021,080	15,981,526	30,218,606
McCormick tractor	8,056,802	919,125		8,975,927
Akron	9,979,658	730,459		10,710,117
Weber	2,582,230	60,067		2,642,297
Parlin & Overhoff ³				2,372,783
St. Paul			4,052,917	4,052,917
Total, domestic	32,834,790	3,750,731	19,934,443	56,520,000
<i>Foreign—</i>				
Hamilton (Canada)	5,160,511	411,358		5,571,869
Norrbjerg (Sweden) ³	394,906	27,655	255,105	677,666
Neum (Germany) ³	1,383,297	75,930	1,240,495	2,699,722
Total, foreign	7,138,714	514,943	1,495,600	9,149,257
Total, domestic and foreign	39,973,504	4,265,674	21,430,043	65,669,224
Grand total, A and B	78,594,649	7,704,218	42,110,490	128,409,357

¹Cost of Osborne tillage implements and repairs estimated at half the total cost of all machines and repairs manufactured at that plant.

²Estimated and not divided as between machines and repairs.

³European plants for year ending Oct. 1, 1914.

In making the division along the lines described above the object in view should be the establishment of a number of efficient competitors, and this number depends largely on the character of the independent companies with which these separate parts of the combination will have to compete.

The competitors of the International Harvester Co. vary greatly in size and also in respect to the extent in which they are engaged in the manufacture of different lines of implements. There are, however, several large concerns, each of which is engaged in the production of a great variety of implements; such, for example, are Deere & Co., the Emerson-Brantingham Co., the Moline Plow Co., and the Rock Island Plow Co., besides others which are already important or in the process of extending their operations. There is no

reason, of course, for making such a division of the International Harvester Co.'s business as would make the several parts weaker than the existing independent concerns, but the division should be of such a character that the larger of these independent concerns will be put in the position of being reasonably effective competitors.

That the International Harvester Co. now overshadows the other implement companies is shown by the following table:

TABLE 176.—Investment and net sales of International Harvester Co. and the five next largest farm-implement companies, 1918

Manufacturer	Investment	Net sales
International Harvester Co.	\$46,319,600	\$39,949,172
John Deere Co.	22,915,853	19,592,316
Case Co.	20,660,426	11,830,238
McCormick Co.	10,658,890	11,751,707
Oliver Chalmers Co.	8,398,381	9,635,623
Total	108,923,150	92,800,076
International Harvester Co.	238,903,096	192,604,388

Now, as formerly, the strongest hold of the International Harvester Co. on the implement trade is its predominant position in harvesting machines, which again indicates the importance of separating the ownership of the McCormick and Deering plants. A comparison of the production of harvesting machines by the International Harvester Co. and by the independents is shown in the following table for 1911, just before the suit was brought, and also for 1918, the last year for which figures are available:

TABLE 177.—Proportion of the total production of specified harvesting machines in the United States made by the International Harvester Co. in 1911 and 1918

Machine	1911				1918			
	Total number	International Harvester Co.		Total number	International Harvester Co.			
		Number	Per cent		Number	Per cent		
Grain binder	169,904	146,981	87.0	81,590	53,281	65.3		
Corn binder	19,690	14,874	75.5	37,269	27,002	72.5		
Mowers	315,171	241,280	76.6	187,310	111,565	59.6		
Side-delivery and dump hay rakes	228,271	164,246	72.0	90,842	57,402	63.2		

* Including estimated production for one small company.

* Production for 1909; figures for 1911 not available.

* Of these, 14,400 are estimated.

* Including estimated production for side-delivery rakes.

The foregoing table indicates a considerable decrease in the proportion of harvesting machines made by the International Harvester Co. in 1918 as compared with 1911, which was partly due to the growth of several of its largest competitors and partly to the cutting off of export trade in 1918, in which the International Harvester Co. was by far the largest factor.

Broadly speaking, the control of the International Harvester Co. in the harvesting-machine trade declined from roughly 80 per cent in 1911 (taking account of quantity and value of machines) to about 64 per cent in 1918. While there was, therefore, a considerable
 84 decline in its proportion of this business the percentage remaining in its hands is so great that it still retains its dominating position in the industry, on the basis of the quantity produced. Furthermore, when consideration is also given to the cost of production of its two great harvesting machine plants, the McCormick and Deering works, it is evident that the independents are unable to offer any serious competition in harvesting machines.

In conclusion, therefore, it may be stated that the division of the International Harvester Co. in the manner recommended above (see p. 674), while safeguarding the legitimate interests of the stockholders of the International Harvester Co., would bring about a competitive situation more in conformity with the law and at the same time give each of the implement companies into which the combination is to be divided a substantially full line and a larger implement business than any present independent company. It would also separate the Wisconsin Steel properties from any implement company, thereby removing one of the present great artificial competitive advantages of the International Harvester Co. In other words, the commission believes that any plan for the dissolution of the International Harvester Co. which will be adequate in bringing about a condition of competition in the harvesting-machine lines must provide: (1) For giving the McCormick plant and brand and the Deering plant and brand to two independent implement companies; (2) the separation of the steel business from both of these companies; and (3) an absolutely distinct and separate stock ownership for each of these three divisions.

88

In United States District Court

[Title omitted.]

Answer to supplemental petition

Filed Oct. 1, 1923

The above-named defendants jointly and severally make answer to the supplemental petition filed herein on July 17, 1923, and say that of the individuals named in the petition as defendants thereto,
 89 Norman B. Ream, William H. Jones, George W. Perkins, and John P. Wilson died before the filing of said petition; that George F. Baker, Charles Steele, Elbert H. Gary, and William L. Saunders retired from the directorates of all the defendant corporations before the entry of the decree of November 2, 1918; that Charles Deering retired on September 5, 1919; and that none of the last-named defendants has had any connection as an officer or otherwise with the management of said corporations since his said retirement.

I

Answering Part I of said supplemental petition, defendants admit that on April 30, 1912, petitioner filed in this court its original petition against these and other defendants containing, among other things, the charges and allegations in said part of said supplemental petition set forth; but defendants pray leave to refer to said petition for such other portions thereof as may be pertinent to the present proceedings.

II

Defendants admit the allegations contained in Part II of said supplemental petition, save as to the interpretation, meaning, and effect of the various opinions, orders, and decrees therein referred to, and they beg leave to refer to the record and proceedings in said cause for the ascertainment of the true meaning and effect of the said orders, opinions, and decrees.

Defendants say that they dismissed their appeal to the Supreme Court in October, 1918, because of an agreement made on July 11, 1918, with the Attorney General of the United States, which provided that upon said dismissal being certified to this court the United States would join with the defendants in securing the entry of a decree containing provisions similar to those contained in the decree entered herein on November 2, 1918. They say that the reasons which impelled them to enter into said agreement were as follows: When, in December, 1917, defendants' appeal was about to be reached for reargument in the Supreme Court of the United States, the Attorney General moved that the cause be continued to the next term of the court and stated in substance and effect that the Government would not reargue said cause at that time and that the same ought not to be heard or decided until the war in which the United States was then engaged with Germany had been terminated, for the reason that in the event that a dissolution was decreed, financial operations on a large scale would be required by the defendants, and the Government must, if necessary, absorb the supply of new capital available for investment during the period of the war. It seemed clear to defendants that the Supreme Court would not, in view of the Government's attitude, hear a reargument of the cause or decide the same until after the termination of the war. In July, 1918, when the agreement above referred to with the Attorney General was entered into, it seemed probable that the war would not terminate within a year but would last for a much longer time. In view of the pendency of the said cause and the uncertainty of its outcome, it was impossible for the directors and officers of the Harvester companies intelligently to plan for the future development and preservation of the businesses of said companies; furthermore, a large portion of the business and investments of the International Harvester Corporation was in

the foreign trade and much of it had been destroyed by the war, so that said corporation was not financially able adequately to develop its business in the United States in the so-called "new lines"

91 such as engines, tractors, and motor trucks. This made a reunion of the International Harvester Company of New Jersey and the International Harvester Corporation necessary in order to strengthen the business financially and enable it to develop the "new lines" and to plan intelligently for the foreign trade. Such a reunion, however, seemed impracticable in view of the pendency of the said cause in the Supreme Court and the uncertainty of its outcome.

III

Defendants admit the entry of the decree of November 2, 1918, as set forth in Part III of said supplemental petition; the joint resolution of Congress approved by the President July 2, 1921; the making of the treaty to restore friendly relations between the German Government and the United States and the ratification of said treaty, and the proclamation thereof by the President on November 14, 1921. They also admit that the period of eighteen months mentioned in paragraph (c) of said final decree has expired, and that the United States now has the right under the reservation contained in said decree to apply to this court for such further relief, if any, as it may be entitled to.

IV

Defendants admit the allegations contained in Part IV of said supplemental petition, save that—

1. They deny that the Milwaukee line of harvesting machines is a negligible line. They say that in many portions of the country said line is and always has been popular, but that, due to the fact that the International Harvester Company is restricted to one dealer in a town and was required by said decree to sell the said Milwaukee line, it has been impossible since 1918 for said company
92 to secure adequate dealer representation for said Milwaukee line, dealers being averse to investing their money and efforts in developing trade in a line which they could have no assurance of retaining in subsequent years. They say that active negotiations for the sale of said Milwaukee line were under way and would, as defendants believe, have resulted in the sale of said line to a strong implement company but for the fact of the depression in the implement industry which began in 1921 and still continues; that the financial condition of the farmers and their refusal and inability to buy agricultural implements has resulted in restricting the market for all harvesting machines in the United States, and in curtailing the earnings of all the manufacturers of agricultural implements, so that the capital available for the purchase of such a line of harvesting machinery has been very greatly reduced.

2. They deny that the business and properties of the Wisconsin Steel Company are as described in the summary of the original petition. They say that the Wisconsin Steel Company on January 27, 1917, conveyed to the International Harvester Company of New Jersey the furnaces and steel and rolling mills it formerly operated at South Chicago, Illinois, and its interest in the ore mines mentioned in the summary of the original petition, and that the International Harvester Company now operates said ore mines, furnaces, and mills and uses or sells the ingots, billets, blooms, finished bars and shapes produced at said mills.

3. They say that the summary of the original petition incorrectly describes the International Harvester Company of America in so far as said summary alleges that the said company is a mere bookkeeping arrangement given the form of a corporate entity with a small capitalization for the purpose of enabling the International Harvester Company to do business in States from which it is debarred by reason of its high capitalization.

4. They aver that the companies mentioned on page 29 of the supplemental petition have always conducted their affairs in a lawful manner and have never been used by the defendants, or any of them, for any of the unlawful purposes mentioned in said summary of the original petition, or for any other unlawful purpose.

V

Defendants, answering Part V of said supplemental petition, say that the figures in said petition, purporting to state the amount of stock of the International Harvester Company issued in payment for the business and assets of the McCormick, Deering, Plano, and Champion companies, are inaccurate in that they include certain additional stock issued to said companies on account of stock subscriptions of varying amounts payable and paid in cash; that the amount of stock of the International Harvester Company issued in payment for the business and assets of said companies (exclusive of the receivables which were not purchased) was as follows:

McCormick	\$26,313,312.02
Deering	21,355,781.58
Champion	3,453,853.61
Plano	2,272,991.16
	<hr/> 53,395,938.37

The amount of cash paid for the business and assets of the Osborne Company, including the assets purchased of the Columbia Cordage Company, and excluding the receivables which were not purchased, was \$6,198,875.21. The business and assets of the Milwaukee Company were acquired for the sum of \$3,148,196.66, but this purchase included receivables having a value of \$456,111.71 in excess of the payables assumed, which sum should be excluded to put this pur-

chase on a comparative basis with the others; the value of
94 the Milwaukee business and assets so computed was \$2,692,-
084.95. A computation of the relative investment in the
several lines on the basis of the above valuations shows that the
Milwaukee, Champion, and Osborne lines combined had a value
in excess of twenty-five per cent of the value of the McCormick and
Deering lines combined. Defendants deny that the original invest-
ment in these lines was negligible as compared with the McCormick
and Deering lines, or the other lines acquired.

Defendants deny that it has been the policy of the International
Harvester Company to develop and increase the sale of the McCor-
mick and Deering brands of harvesting machines, to the detriment
of other brands of harvesting machines or to smother and depress
the sale of such other brands. They admit the substantial correct-
ness of the table of figures on page 31 of said petition relating to
the plant investment of the International Harvester Company in
1910 and 1918, and that the percentage of investment in the Cham-
pion and Osborne plants to the company's total plant investment
declined from 12.9% in 1910 to 8.9% in 1918, as shown by said
tables, but they say that there was a similar decline in the percentage
of the investment in the McCormick and Deering plants to said
total investment, and that all of said declines in percentages were
due to the increased investment of the company in other plants for
the manufacture of tractors, motor trucks, and other "new-line"
implements.

Defendants say that the tables set forth on page 32 of the supple-
mental petition are inaccurate for the purpose of comparison in that
there are included in the first table (which purports to state the
output of harvesting machines by the International Harvester Com-
pany for the season of 1910 by lines), all the machines manufactured
for export and also all rice binders. These last-named machines
are included under the heading of grain binders and all of
95 them were made at the McCormick and Deering plants. In

the second table on page 32 (which purports to state the num-
ber of harvesting machines made by the International Harvester
Company for the season of 1918 by lines), there are included only
the machines manufactured for the domestic trade, and rice binders
are excluded. The figures given at the top of page 31 of said sup-
plemental petition relative to the proportion of the number of
Champion, Osborne, and Milwaukee harvesting machines manufac-
tured to the total number of all the International Harvester Com-
pany's harvesting machines made in 1910 and 1918, based as they
are upon said inaccurate tables, are also inaccurate. Defendants
aver that the proportion of the Champion, Osborne, and Milwaukee
harvesting machines made for the domestic trade to the total har-
vesting machines made by the International Harvester Company
for said trade in 1910 and 1918 is correctly shown by the following
tables:

1910

	Grain binders	Per cent	Mowers	Per cent	Rakes	Per cent	Corn binders	Per cent
Total	92,336	100	167,469	100	208,658	100	19,030	100
Champion	10,492	11.4	18,248	10.9	21,458	10.7	2,458	12.9
Osborne								
Milwaukee								

1918

	Grain binders	Per cent	Mowers	Per cent	Rakes	Per cent	Corn binders	Per cent
Total	54,518	100	111,501	100	47,402	100	27,002	100
Champion	2,597	4.8	11,101	10	7,112	15	4,022	14.9
Osborne								
Milwaukee								

Thus, though from 1910 to 1918 the proportion of the manufacture for the domestic trade of Champion, Osborne, and Milwaukee grain binders, as compared to the total grain binders manufactured by the International Harvester Company, fell off 6.6 per cent, 96 such proportion fell off only nine-tenths of one per cent in mowers, 4.7 per cent in rakes, and increased 2 per cent in corn binders.

Defendants aver that the said Champion, Osborne, and Milwaukee lines at all times remained and now are popular and well-known brands of harvesting machinery, and that the trade in repair parts for said machines brought and brings customers into dealers' stores and that there is a field and market for said machines. The manufacture and sale of harvesting machinery is a valuable asset in conducting an agricultural implement business. The addition of the Champion or the Osborne or the Milwaukee harvesting line to an otherwise full line of agricultural implements would constitute a distinct advantage to the position of a manufacturer in the agricultural implement trade. After the purchase of the Champion line by Avery and Son, and of the Osborne line by the Emerson-Brantingham Company, said companies did a large and successful business in selling such harvester lines, and a much larger business than the International Harvester Company did in said lines in the years immediately prior to their sale. Due to the exceedingly restricted buying by the farmers of harvesting machinery and other agricultural implements in 1921 and 1922, the business of Avery and Son and of the Emerson-Brantingham Company, in the sale of Champion and Osborne machines, declined, but this decline was relatively no greater than the general decline of business that was experienced during the same period by other manufacturers or harvesting machines and of other agricultural implements. The provision contained in the decree entered in 1918, restricting the Inter-

27 national Harvester Company in selling its agricultural implements to a single dealer in a town, has made available for the distribution of Champion and Osborne machines, as well as for the distribution of other competing harvester lines, many experienced implement dealers who theretofore handled the harvesting machinery of the International Harvester Company.

Defendants deny that the said lines of harvesting machinery disposed of and to be disposed of constituted such a negligible part of the total interstate trade and commerce in harvesting machinery in the United States that said decree is inadequate to accomplish its design. They also say that the force and effect of said decree can not be determined merely by the proportion of the trade in harvesting machines possessed by the said lines, and that, if at any time competition or trade in harvesting machines and other agricultural implements sold in interstate commerce was restrained or monopolized, such restraint and monopoly were entirely removed by the said decree and the operation thereof, and that at the present time, full, free, and unrestrained competition in interstate commerce exists in the sale of harvesting machines and in the sale of all other agricultural implements of the kind manufactured or sold by the International Harvester Company, and that the existing situation in interstate trade in all lines of agricultural implements is in harmony with the law.

28

VI

Defendants, answering Part VI of the supplemental petition, admit that the table on page 34 of said petition sets forth with substantial accuracy the names of the competitors of the International Harvester Company in 1911 in grain binders, mowers, dump hay rakes, corn binders, reapers, headers and push machines, the number of such machines sold by each of said competitors and by the International Harvester Company, and the percentage of the trade enjoyed by the respective companies in said machines. They say that by 1918 the proportion of the International Harvester Company's domestic trade in the machines listed on page 34 of the supplemental petition had declined, exactly how much defendants do not know, but they believe to at least 64 per cent. Defendants do not know whether the International Harvester Company's proportion of the total production in 1918 was 65 per cent of the grain binders, 60 per cent of the mowers, 58 per cent of the rakes, and 73 per cent of the corn binders produced in this country, but they believe that said figures are substantially correct. They say that the decline in these percentages was in part due to the increase in the production and sale of Deere and Company's harvesting machines, but that the Massey-Harris Company and the Moline Plow Company successfully entered upon the manufacture and sale of harvesting machinery in the United States about 1913, and that the decline in the proportion of the trade possessed by the International Harvester Company was due in fair measure to their com-

petition and also to the increased production and sale of harvesting machinery by the Minnesota State Prison.

99 Defendants admit that the figures for 1921 set forth in the table on page 36 of the said petition are substantially correct, with the following exceptions:

(1) The sales made by the International Harvester Company of rakes, including side-delivery rakes, in the United States should be 17,254 instead of 23,010.

(2) The sales made by the International Harvester Company of tedders, and combination rakes and tedders, should be 7,910 instead of 1,415.

Defendants also say that side-delivery rakes, tedders, and combination rakes and tedders are improperly included in said table on page 36, as none of said machines was manufactured or sold by any of the companies whose assets were acquired by the International Harvester Company in 1902. However, the Osborne Company did make and sell a small number of simple tedders at the time it was acquired by the International Harvester Company in 1903. They also say that reapers, which are included in said table, were practically obsolete in the United States by 1921.

Defendants admit that the figures set forth in the table on page 38 of said petition are substantially correct, with the following exceptions:

(1) The sales made by the International Harvester Company of rakes, including side-delivery rakes, should be 24,328 instead of 31,602.

(2) The sales made by the International Harvester Company of tedders and combination rakes and tedders should be 9,501 instead of 1,937.

Defendants say that side-delivery rakes, tedders, and combination rakes and tedders are also improperly included in this table.

Defendants deny that the tables set forth on pages 34, 36, and 38 of said petition make it plain or show that the sale by the International Harvester Company of its Osborne and Champion

100 lines has had little or no effect upon competitive conditions. They deny that during the so-called test period, considered as a whole, the International Harvester Company's percentage of the trade in the machines set forth on pages 36 and 38 of the supplemental petition increased sharply, and that during the said period, considered as a whole, the percentages of the purchasers of the Osborne and Champion lines have shown a marked falling off. During the latter part of 1920 and the years 1921 and 1922 the agricultural implement trade in the United States was in an abnormal and unprecedented condition, due in part to the financial condition of the farmers and in part to a feeling on the part of the farmers that the prices of agricultural implements were too high. This resulted in greatly diminished sales of all agricultural implements, particularly of the sales of harvesting machines. During the later months of 1920 and the early months of 1921 dealers gen-

crally requested the manufacturers to cancel or reduce the orders previously placed by them for the season of 1921. The International Harvester Company accepted such cancellations and reductions more generally than some of its competitors, notably the Emerson-Brantingham Company and Avery and Son, with the result that said competitors did a proportionately larger business in 1921, and their dealers carried over to the 1922 season a larger quantity of unsold machines than did the International Harvester Company dealers, and placed correspondingly smaller new orders for the season of 1922. These differences between the years 1921 and 1922 therefore reflect no loss or gain of customers nor any change in the trend of the trade as between the International Harvester Company and its competitors. The trend of trade is more correctly reflected by an average of the business of the two years 1921 and 1922, and

this shows that the International Harvester Company's percentage of trade in harvesting machines was 63 per cent.

The seasons of 1921 and 1922, because of said abnormal conditions, however, afford no criterion as to the effect of the sale of the Osborne and Champion lines upon competitive conditions.

As appears by the figures given in petitioner's original and supplemental petitions, the International Harvester Company's percentage of domestic business in harvesting machines diminished from 85 per cent in 1903 to 77 per cent in 1911, to 64 per cent in 1918, and to 63 per cent in 1921-22. Defendants deny that the International Harvester Company's existing percentage of trade in harvesting machines shows any dominant position on its part, or any inability on the part of other manufacturers to compete, and deny that said proportion of trade has been obtained or maintained by any restraint of trade or attempt to monopolize, or that said proportion constitutes restraint of trade or monopoly. The proportion of the trade in harvesting machines possessed by the International Harvester Company has been retained only by reason of the excellence of its manufacture of said machines and of the repair and expert service which it has furnished the farmers. All the machines it makes in the harvesting line have been redesigned and improved since 1902. None of them is protected by any patents.

Defendants further say that the International Harvester Company has never possessed more than a small percentage of the agricultural implement business in the United States, taken as a whole; that its percentage of the total production in the United States of agricultural implements in 1909 was 22.5%, in 1914 25%, in 1919 22.9%, in 1920 20.3%, and in 1921 20.9%, as shown by a comparison of its production with the total production shown by the United States census; that its said percentages of production were greater than its percentages of sales in the domestic trade, for the reason that it sells a greater proportion of its production in the foreign trade than do other producers; that in the year 1920 (the only year for which census figures on sales have

been issued) its percentage of sales in the domestic trade, as shown by said census, was only 17.1%.

Further answering, defendants say that the importance of the lines of harvesting machinery acquired by the International Harvester Company in 1902 has greatly diminished since that time, and particularly since 1918; that the old self-dump rake, which was made by all the companies whose assets the International Harvester Company acquired in 1902, is being rapidly replaced by the side delivery rake, the hay loader, and the combination hay rake and tedder; that none of said implements was made by any of said companies in 1902; that in large grain-growing portions of the country the grain binder is being replaced by the harvester thresher, which was not made by any of said companies in 1902; that since 1913, and particularly since 1918, power farming has been developing with increasing rapidity; that the tractor is now one of the most important agricultural machines in the domestic trade, and hauls very many agricultural implements and affords the power for others, and is thus a highly important part of the retail implement dealer's business, and that a company with a large proportion of the tractor business is in a much stronger position than a manufacturer with a large proportion of the harvester business; that the tractor is especially used in connection with plows and tillage implements; that a farmer buying a tractor will usually purchase with it plows and tillage implements, the combination forming in effect one farm machine unit; that this has increased the importance of the plow lines in the trade as compared with the harvester lines; that the International Harvester Company has only a small proportion of the plow business, and a small proportion of the tractor business, in which latter the Ford Company is the leader; that the plows and tillage implements of the International Harvester Company's principal plow and tillage competitors, some of whom also manufacture the harvester line, are sold largely by Ford dealers in connection with the Ford tractor and with that tractor constitute in effect one farm machine unit and that many other agricultural machines, including power mowers and threshing machines, are also sold by Ford dealers in connection with the Ford tractor.

Defendants further answer and say that the sole avenues for the distribution of the harvester lines of the International Harvester Company are the retail implement dealers; that the International Harvester Company has complied with said decree of November 2, 1918, in all respects; that by the requirement of said decree, limiting it to one dealer in a town, it was compelled to discontinue, and by the end of 1919 did discontinue, business with 4,778 dealers in the United States; that the purchases of said dealers from the International Harvester Company during the last year in which they did business with said company amounted to \$17,377,246.02; that the International Harvester Company, by reason of said decree, is able to sell to only a small proportion of the dealers who handle or are in a position to handle harvesting machinery; that the situation so cre-

ated will inevitably result in the loss by the International Harvester Company of a large proportion of its trade in harvesting machines; that this result would already have taken place but for the abnormal conditions of the implement trade in 1921 and 1922; that during these years the farmers bought very few harvesting machines, in consequence of which the competitors of the International Harvester Company were unable to obtain the full advantage which accrued to them on account of the said single-dealer rule; that many of the dealers whom the International Harvester Company was, by this rule, obliged to discontinue at the end of 1920 could not in 1921 and 1922 purchase freely the harvesting machinery of the competitors of the International Harvester Company because (a) of the lack of demand for any make of harvesting machines, and because (b) of the financial situation. Defendants say that the company's experience in confining its business to a single dealer in a town, as required by the decree of November 2, 1918, showed the impracticability of selling advantageously through one dealer two similar lines of machines made by the same manufacturer, such as the McCormick and Deering lines. The dealers usually favored either the McCormick or the Deering line, according to their preference or previous connection with the one line or the other, and devoted their efforts to such line at the expense of the other. They also objected to the large investment and to the annoyance involved in carrying two lines of repair stocks. To meet this situation and adjust its business to the requirements of said decree the company was forced to develop and has developed, at great expense, a single line of harvesting machines designed to combine the best features of the McCormick and Deering harvesting machines. It has also, for similar reasons, developed a single line of other agricultural implements. The company has practically discontinued, and within a short time will have entirely discontinued, the manufacture of the McCormick line and the Deering line, except certain machines for the foreign trade. The new single line was in quantity production prior to the filing of the said supplemental petition, and substantially all of the company's domestic trade for 1924, after disposition of the present inventories, will be supplied with said line.

105 Defendants deny that the number of manufacturers of harvesting machines is steadily shrinking due to their inability to compete with the International Harvester Company, and deny that there is any inability on the part of said manufacturers to compete with the International Harvester Company. They deny that the capital, credit, resources, and profitable side lines and steel, lumber, and coal subsidiaries of the International Harvester Company enable it in times of depression, or at any other times, to sell its harvesting machinery at cost and so to eliminate competition and monopolize the business. The defendants do not know whether the International Harvester Company's costs of making harvesting

machinery are generally lower than the costs of its competitors, and demand that strict proof be made thereof.

Defendants say:

(1) That if the International Harvester Company's costs in the making of harvesting machinery are less than its competitors' costs, this is not a result of any combination but of an efficiency in manufacture developed by the International Harvester Company itself; that many of the competitors of the International Harvester Company manufacture other lines of agricultural implements more cheaply than the International Harvester Company, owing to their greater experience and efficiency in said particular lines; that the agricultural implement business has developed into a whole—a large line—and some manufacturers excel in one branch and others in another or other branches, and that in considering the ability of the manufacturers to compete, the business must be taken as a whole.

(2) That the capital, credit, and resources of the International Harvester Company are employed in large measure in its foreign trade which trade now exceeds \$47,000,000 annually. Said 106 entire capital, credit and resources are but a small fraction of that possessed by the Ford Company which competes with the International Harvester Company in the manufacture and sale of tractors in the United States.

(3) That any power or advantage the International Harvester Company possesses by virtue of what the petitioner designates as its profitable side lines, lumber, steel, and coal subsidiaries, has been lawfully acquired and has not been used and can not be used to eliminate competition in the harvester line.

Defendants deny that since the institution of this suit, and particularly since the entry of the decree of November 2, 1918, or at any other time, the International Harvester Company has sold its harvesting machines at cost for the purpose or with the effect of restraining interstate trade and commerce in harvesting machines and monopolizing the same by compelling its competitors to cease and desist from the manufacture and sale of harvesting machines.

Defendants deny that a comparison of the 1911 table set forth on page 34 of the supplemental petition with the 1921 table on page 36 of said petition accurately shows the number of the International Harvester Company's competitors who abandoned the field during the years intervening between 1911 and 1921. They say that neither Charles G. Allen and Company nor the Messinger Manufacturing Company has abandoned the field; that the Johnston Company, about 1913, sold its assets and business to Massey-Harris Company, which was a much stronger company financially, with a large foreign trade, and which, by virtue of said purchase, entered the American field and has since continued therein; that Adriance-Platt Company, about 1913, sold its assets and business to the Moline Plow Com-

pany, which was a much larger company, and which by virtue
107 of said purchase then entered the harvesting machine field
and has since continued therein.

Defendants say that while it is true that certain other concerns which were engaged in the manufacture or sale of harvesting machinery in 1911 subsequently gave up the said business, such action on their part was not taken on account of their inability to compete with the International Harvester Company nor of any act or attitude of said company. They also say that during the same period a much larger number of concerns, which were engaged in manufacturing or selling agricultural implements other than harvesting machines, also went out of business, and that in the lines in which they were so engaged the International Harvester Company was engaged to only a small extent.

Defendants deny that the business of the Moline Plow Company, Thomas Manufacturing Company, and Massey-Harris Company has fallen off and that said companies, or any of them, are contemplating the discontinuance of their harvester lines. They say, however, that the business of said companies, including their harvester lines, was depressed in the years 1921 and 1922, as was likewise the business of every other agricultural implement concern.

As to the allegations set forth at the bottom of page 40 and top of page 41 of the supplemental petition, defendants say that whether or not there existed at any time by and through the International Harvester Company any unlawful combination in restraint of trade and commerce in harvesting machinery, or any unlawful attempt to monopolize, or any monopolization of such trade and commerce, and whether or not such restraint, attempt to monopolize, or monopoliza-

tion, if it ever existed, was dissolved by the decree of 1918, no
108 such combination, attempt to monopolize, or monopolization
now exists; that interstate trade and commerce in harvesting machines is now free and unrestrained, and that there is not now any monopolization thereof, nor any attempt, intent or power on the part of the defendants or any of them to restrain or monopolize the same.

VII

Answering Part VII of said supplemental petition, defendants admit that the Senate of the United States adopted the resolution therein referred to; that the Federal Trade Commission made an investigation of the cost of farm machinery and reported the results of said investigation to the Senate and sent a copy thereof to the Attorney General, and that the Trade Commission's report, in Chapter X thereof, contained the so-called findings set forth on pages 42 and 43 of the supplemental petition. They say that said findings were not called for by the resolution of the Senate and were not authorized by any law of the United States; that they preceded the commencement of the test period provided for in the

decree of November 2, 1918, and took no account of the operations of the International Harvester Company, or of its competitors, or of trade conditions subsequent to the entry of said decree; and further that they were made without notice to the defendants, or any of them, and without affording to them a hearing with respect thereto. They submit that said findings and report are not binding upon them and are not relevant or evidential in this proceeding.

Defendants deny that the separation of the Osborne, Champion and Milwaukee lines can have but little effect upon the position of the International Harvester Company in the harvesting machine industry, and repeat the denials and statements with respect to said lines contained in Part V of this answer. They further say that, with efficiency of management, and a plant investment proportionate to production, the Osborne and Champion and other lines of harvesting machines can be produced at costs comparable to and competitive with the costs of McCormick-Deering machines.

Defendants further deny that, in order to restore competitive conditions in interstate trade and commerce in harvesting machines, it is necessary to separate the McCormick and Deering lines from each other and from the steel-making business of the International Harvester Company, and aver that such conditions do now exist. They say that such enforced separation would deprive the stockholders of the International Harvester Company of the benefit of an integrated manufacturing plant and business, which it has taken them twenty years of effort and many millions of dollars to establish, and which is everywhere recognized as highly important to the economical and successful conduct of any large manufacturing enterprise. It would also deprive the stockholders of the separate parts of the benefit of full-line production and distribution, which is essential to an all-year-round business and is now possessed by all the more important competitors of the International Harvester Company in the harvesting lines. Moreover, it would disrupt the foreign business of the company by destroying the unity of its foreign manufacturing and distributing plants, depriving the separate parts of the capital, credit and facilities necessary to the successful carrying on of said business; all with the effect and result of increasing the cost of manufacture and distribution and of enhancing the price of agricultural implements to the users thereof and of impairing, if not destroying, the legitimate investment of the stockholders of the International Harvester Company.

Defendants deny that they are engaged in violating the act of Congress approved July 2, 1890, and known as the Sherman Act, or that they are threatening or intending to violate said act, and they submit that in the absence of such violation, threat or intention, the relief prayed for in the supplemental petition should not be granted

nor should any other relief be granted to the petitioner thereunder; and they pray to be hence dismissed.

WILLIAM D. McHUGH,

FRANK B. KELLIAGG,

Solicitors for the Answering Defendants.

RICHARD V. LINDABURY,

EDGAR A. BANCROFT,

WILLIAM S. ELLIOTT,

VICTOR A. REMY,

Counsel.

115

In United States District Court

[Title omitted.]

Statement of evidence

[Caption omitted.]

[Appearances of counsel omitted in printing.]

116

WILLIAM M. REAY, being duly sworn, testified as follows (Jan. 3, Jan. 9, 1924):

Direct examination by Mr. MYERS:

A statement purporting to show the number and location of branch houses operated by the International Harvester Company of America, as of December 24, 1923, was prepared under my direction and is accurate.

(Offered in evidence as petitioner's Exhibit (S) 1.)

The business of the International Harvester Company of America is conducted in the United States through 91 branch houses, each having a certain marketing territory assigned to it. Books of account are kept, contracts made, and goods stored at such branches.

A statement was prepared under my direction showing the number and location of branch house territories of all retail implement dealers in the United States with whom seasonal contracts for the sale of harvesting machines were written by the International Harvester Company of America during the years 1914, 1916, 1918, 1920, 1921, 1922, and 1923. The lines included under the heading "Miscellaneous" are Keystone, Plano, International, and perhaps some others.

(Offered in evidence as petitioner's Exhibit (S) 2.)

Each branch house makes its own seasonal contracts in its own territory. For example, branch house at Aurora, Illinois, in the central district, for the year 1914, made seasonal contracts with 11 dealers for the Champion line, 91 for the Deering, 106 for the McCormick, 11 for the Milwaukee, 2 for the Osborne, a total of 221.

117 Counsel for petitioner requested witness to prepare a statement showing total number of dealers to whom harvesting machines were sold but with whom the International Harvester

Company had no seasonal contracts. Witness said he would furnish such statement.

I will prepare a statement of the McCormick and Deering dealers who also handled Osborne, Champion, and Milwaukee lines in 1914, 1916, and 1918, if the information is available.

(Offered in evidence petitioner's Exhibit (S) 3, a statement purporting to be a list of all local retail implement companies in which the International Harvester Company now has an interest or has had since 1918.)

The practice of investing in retail stores began in 1919. In some instances these companies were taken over as going concerns, and in others they were new enterprises.

That part of the statement covering the years 1920-1923 includes retail dealers in whom the company is interested if they were under seasonal contracts.

A statement showing the number, separated by lines, of grain binders, reapers, headers and push binders, mowers, sulky rakes, side delivery rakes, tedders, combination side rakes and tedders, and corn binders sold in the United States by the International Harvester Company of America during each year from 1912 to 1923 inclusive, was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 4.)

I will prepare a statement of the number of grain binders, reapers, mowers, sulky rakes, and corn binders of the Milwaukee line manufactured during each year since 1919, and indicate whether parts used in these machines were manufactured that year.

We distinguish between machines that are manufactured in whole or in a large part during the current year and machines which are assembled from parts manufactured in previous years. We deal in shipping packages. In placing a manufacturing order for a certain number of machines, it is our object to have the parts which form a complete shipping package proceed together throughout the shop. At the end of the season there are practically no manufacturing parts left over. Our inventory at the close of each season assembles the shipping packages into complete machines, and the remainder of the work in progress remains as incomplete manufacturing.

A statement showing the amounts expended to advertise the Champion, Deering, McCormick, Milwaukee, and Osborne lines during 1918 was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 5.)

119 The International Harvester Company of America keeps separate records of amounts expended in specific advertising for each line. Some of the advertising expenditures covered by the note to this exhibit are general and were apportioned equally among the different lines. Wherever the advertising is general—that is, covered by an amount in excess of that necessary for specific advertising—no distinction is made between these five lines. They are considered of equal importance.

The International Harvester Company of America sometimes advertises the International line, but that refers to motor trucks or machines not sold under the trade-marks McCormick, Deering, etc., but this exhibit is confined to harvesting machines.

A statement showing the investment in plant and machinery at Auburn, Deering, McCormick, and Springfield works, as of January 1, 1918, was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 6.)

The value of the tillage implements produced in 1918 at the Auburn plant was greater probably than the value of the harvesting machines produced, but the value of the plant producing the tillage implements was less than the value of the plant producing harvesting machines. In this statement (Ex. P. (S) 6) no attempt has been made to distinguish between that part of the plant devoted to the production of tillage implements and that devoted to harvesting machines, because we are unable to make any accurate separation.

120 The principal products of the Springfield plant in 1918 were harvesting machines, hay presses, and manure spreaders.

I will prepare a statement of the sales proceeds by lines of the implements manufactured at the Auburn, Springfield, Deering, and McCormick plants for the year 1918. The profits earned by those lines would be estimated because the sales and service expense is involved and that covers the entire line marketed by the branch houses of the International Harvester Company of America.

A large part of the machine-tool equipment devoted to the production of the McCormick machines is used in producing the Milwaukee line, but the minor equipment, such as patterns, jigs, dies, and machine tools built specifically for each line, are individual. Such portion of the equipment at the Milwaukee works as was peculiarly applicable to the manufacture of that line was transferred to the McCormick plant along with the Milwaukee line.

A statement showing sales price of machinery and other plant equipments used in the manufacture of Osborne and Champion lines sold to Emerson-Brantingham Company and B. F. Avery & Sons was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 7.)

121 In this statement the word "current" applies to the styles of machine being manufactured presently to distinguish them from styles which are obsolete. Where a style of machine has been recently changed, it is necessary to continue the manufacture of repair parts for that machine in order to afford an adequate service.

"Parts" at our plants are eventually assembled in a complete shipping package, whereas "repair parts" are sent to repair warehouses.

"Current repair parts" are the repair parts for current machines, so called, and also for machines the style of which has changed recently, whereas "old repair parts" cover parts of machines the style of which was changed several years prior.

(Offered in evidence petitioner's Exhibit (S) 8, purporting to be a statement of International Harvester Company of America wholesale prices to dealers for grain binders, push headers, mowers, reapers, sulky rakes and tedders, and corn binders, by lines, for the years 1914, 1916, 1918, 1920, 1921, 1922, and 1923.)

These prices are given f. o. b. Chicago. Champion machines manufactured in 1916 were shipped from Springfield, Ohio, and were quoted f. o. b. Chicago to dealers in the district west of Chicago. In the eastern and southern districts, those machines were quoted at delivered prices, the freight being added to the Chicago prices. No matter where the line is produced, it is quoted f. o. b.

Chicago on many of the so-called harvesting machine lines. 122 The price range radiates from Chicago, and the branch-house prices in the eastern districts would include the freight from Chicago.

In the last year the price of binders has been increased \$10.00 twice. Substantially proportionate increases were made at the same time on other lines.

On the wholesale prices stated in this exhibit there are certain cash and quantity discounts given to the dealers. Both cash and quantity discounts have varied slightly between years and between lines. The 5 per cent cash discount was granted in the years 1914 and 1916 to the dealer who paid for all the machines of a certain line on a date specified in the contract. A 2 per cent discount was granted in addition to the dealer who paid for all machines of all lines at the given date. The word "lines" as used in this statement refers to the kinds of implements, not to the brands. A 7 per cent discount was allowed on hay rakes and tedders in 1914. The discount on those machines differs from that allowed on other harvesting machines.

A memorandum of corporate changes in the organization of the International Harvester Company, since 1912 was compiled from the records in my office and is correct.

(Offered in evidence as petitioners' Exhibit (S) 9.)

The McCormick works are in the southwest part of Chicago, at Blue Island and 26th Street and Western Avenue. The principal steel mills of the company are in South Chicago and are several miles from the McCormick plant. The products of the steel mills are transported to the McCormick plant by rail. The originating service is performed by the Chicago, West Pullman and Southern Railroad, a subsidiary of the International Harvester Company, which delivers to the Belt Railroad.

123 The Deering plant is located on the north side of Chicago between Fullerton Avenue and Diversey Boulevard adjacent to the north branch of the Chicago River and several miles from the McCormick plant. There is a small rolling mill adjacent to the Deering plant, the product of which is used largely by the Deering plant. The production of the Deering rolling mill is manufactured principally from old rails.

124 When the International Harvester Company acquired the Deering Harvester Company, that company owned a blast furnace, and a steel mill was in the process of construction at Chicago.

Prior to the taking over of the steel business in 1917, the International Harvester Company contracted with the Wisconsin Steel Co. for such of its requirements as it could furnish, in the same manner as it did with other steel suppliers. The same manner of purchasing steel from the Wisconsin Company has been pursued since 1917, because the steel company is treated as a separate unit. The parties to the contract are the manager of the purchasing department of the International Harvester Company and the general manager of the steel works. I will give you a copy of such a contract. At that time the advantage to the International Harvester Company in controlling the steel mills was reflected in dividends on the stock of the Wisconsin Company, not in the cost of manufacturing harvester machines.

The profits of the steel company and the profits of the particular plant are segregated.

The corporate form of the Wisconsin Lumber Company is the same as it was in 1912. The amount of lumber purchased from that company is only a portion of the total lumber requirements. The International Harvester requirements are purchased from that company under a general contract. I will let you have a copy.

The old plant of the Milwaukee Harvester Company forms the nucleus of the present Milwaukee works.

In 1902, the West Pullman works manufactured a line of harvesting machines known as "Plano."

Prior to 1918, the coal of the Wisconsin Steel Company was coked at the Bee Hive Coke Ovens, Benham, Kentucky, adjacent to 125 the coal mines. At present, the major part of the coal produced at Benham is coked in the by-product coke ovens, South Chicago, owned by the International Harvester Company. The construction of these ovens was begun in 1918 and completed in the fall of 1919. These are all the beehive and by-products coke ovens owned by the International Harvester Company. The by-products are tar, toluol, benzol, gas, and sulphate of ammonia.

I will prepare a statement showing the production and disposition of the by-products for each year they have operated, together with a statement of the profit on sales to other customers for the same years.

A statement purporting to show the number of harvesting machines and the value of parts, including repair parts, sold to Emerson-Brantingham and B. F. Avery and Sons, was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 66.)

Some harvesting machines are built especially for the foreign trade. Fundamentally, the machine is identical with that sold in the United States, but there are always attachments and perhaps

minor part which are peculiar to the foreign trade. "Foreign trade" does not include Canada.

A statement showing production and disposition of coal and coke during the years 1916, 1918, 1920, and 1922 was prepared under my direction and is correct. The figures for 1923 are not yet completed. The years are calendar years, which are also fiscal years in this case.

(Offered in evidence as petitioner's Exhibit (S) 67.)

A statement showing production and disposition of iron ore, 126 pig iron, steel ingots, steel billets, and finished steel products in the years 1916, 1918, 1920, and 1922 was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 68.)

The principal competitors of the Harvester Company in the production and sale of steel products in this district are United States Steel Corporation, Inland Steel Company, Interstate Steel Company, Jones and Laughlin, Youngstown Sheet & Tube, Republic Iron & Steel Co., Bethlehem Steel Co., and Lackawanna Steel Co. Our steel prices are formed in competition with other steel suppliers in this district. The United States Steel Corporation is the largest competitor.

A statement showing production and disposition of lumber by the Wisconsin Lumber Company during the years 1916, 1918, 1920, and 1922 was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 69.)

A statement showing profit on sales to other customers of iron ore, pig iron, steel billets, finished steel products, coal, coke, and lumber during the years 1916, 1918, 1920, and 1922 was prepared under my direction and is correct, subject to qualification as to the profits stated. The profit is what might be termed the "trading profit" before deducting interest and Federal taxes.

(Offered in evidence as petitioner's Exhibit (S) 70.)

The cost accounting system used by the Wisconsin Steel Company and the steel department of the International Harvester Company follows the general outline of a system used by the United States Steel Corporation and other steel producers, the cost accounting methods having been uniform for a long term of years.

Prior to the year 1917 the Wisconsin Steel Company owed a considerable capital obligation to the International Harvester Company, on which it paid interest at the rate of seven per cent. This obligation was evidenced by a note that interest charged would be included only in the 1916 statement. Since January 1, 1917, no 127 such charge has been made under our plan of bookkeeping.

No interest has been deducted in this exhibit, neither for interest charges on the capital investment nor for current loans borrowed within the year for conducting business, nor for Federal taxes. Deduction of Federal income tax in the year 1920 probably amounted to more than one-half of the profits shown in this exhibit.

No provision is made for such charges in the cost accounting system of the steel factory.

In the exhibit showing coal coked and iron ore used for pig-iron manufacture we have eliminated all so-called interdepartmental profits on iron ore and coal used in the production of steel at the South Chicago steel mills. Such raw materials are included in the pig-iron and steel cost figures at actual producing cost, and that is what I mean by "integrated manufacturing cost." By dividing the amount of sales of steel products by the number of tons sold, you would get the price per ton. By dividing the amount of cost as given of steel products sold by the number of tons sold, you would get the production cost per ton but not the final cost per ton, because the cost shown excludes interest and Federal taxes. Federal taxes are not necessarily an item of cost of manufacturing, but certainly they should be included as a factor in determining net earnings of any venture during any period.

A statement showing production and disposition of by-products and profit on sales to other customers of by-products of the Wisconsin Steel Companyovens, South Chicago, for the years 1920 and 1922 was prepared under my direction and is correct. It can be audited in the same manner as Exhibit (S) 70.

(Offered in evidence as petitioner's Exhibit (S) 71.)

128 A statement showing net proceeds of sales in the United States of each type of machine manufactured at Deering, McCormick, Auburn, and Springfield works in 1918 was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 72. I will supplement petitioner's Exhibit (S) 72 by adding a number of machines of the Milwaukee line manufactured in 1918.)

A statement showing the number of machines of the Milwaukee line manufactured during 1919, 1920, 1921, 1922, and 1923 was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 73.)

WILLIAM M. REAY was recalled as a witness on behalf of petitioner, and being duly sworn, testified as follows:

Direct examination by Mr. MYERS:

I produce a statement of a number of machines of the Milwaukee line manufactured during 1918, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 85.)

I produce a summary of account with Emerson Brantingham, October 1, 1918, to December 31, 1923.

(Offered in evidence as petitioner's Exhibit (S) 86, with the understanding that this statement shall be kept in camera.)

I produce a summary of account with B. F. Avery & Sons, January 1, 1919, to December 31, 1923, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 87, with the understanding that this statement shall be kept in camera.)

129 CHARLES S. BRANTINGHAM, being duly sworn, testified as follows (Jan. 4, 1924):

Direct examination by Mr. MYERS:

I live in Rockford, Illinois; am president of the Emerson-Brantingham Company; and have been with that company since 1895.

I produce a statement showing the domestic sales of harvesting machines of the Emerson-Brantingham Company from 1919 to 1923, inclusive.

(Offered in evidence as petitioner's Exhibit (S) 10.)

I produce a statement showing the number and location of branch houses maintained by Emerson-Brantingham Company for the distribution of its harvesting machines from 1920 to 1923, inclusive.

(Offered in evidence as petitioner's Exhibit (S) 11.)

130 I will have prepared a statement showing the number of dealers to whom we sell our harvester line and forward it to the examiner.

(Said statement was later produced and shown as petitioner's Exhibit 124, identified by stipulation.)

I produce a condensed balance sheet of the Emerson-Brantingham Company for 1922.

(Offered in evidence as petitioner's Exhibit (S) 12, with special reference to the tabulated income account on page 5 and the tabulated balance sheet on pages 10 and 11.)

I produce a statement of the selling prices of the several kinds of harvesting machines manufactured by the Emerson-Brantingham Company, 1919 to 1923, inclusive.

(Offered in evidence as petitioner's Exhibit (S) 13.)

131 Our business was established in 1852. We made mowers prior to 1895. The Standard mower we make is well known and we did a considerable and moderately profitable business in them. We commenced making rakes before 1895, then called the Standard, now called Emerson-Brantingham. We acquired the Osborne line of harvesting machines in 1918. I produce the contract under which we purchased that line.

(Offered in evidence as petitioner's Exhibit (S) 14.)

We bought the Osborne line because we had the opportunity to do so. The Harvester Co. opened the negotiations, stating that the court required its sale.

We sell our implements principally through the Middle West, but we have a branch at Harrisburg, Pa., and other branches scattered around the country as this list shows.

The Osborne line was a well-known line of harvesting implements in our territory before we acquired it. We make grain binders, corn binders, mowers, rakes, and a combined hay rake and tedder. We make both sulky and side delivery rakes. We still make the Standard mower. We are about to discontinue the Emerson-Brantingham rake in favor of the Osborne rake.

The Osborne mower has a different style of cutter bar than the standard. Our present Osborne mower is the same as that formerly made by the Harvester Co.

The Osborne binder we make is lighter than that formerly made by the Harvester Company.

I have produced a statement showing the machines furnished by the Harvester Company for us.

(Offered in evidence as petitioner's Exhibit (8) 15.)

We are now making the Osborne line practically in its entirety. We may pick up some parts from other suppliers—very few from the Harvester Company. We buy no malleables from the Harvester Company. We make them ourselves. We do buy canvases from them. A canvas is the apron part of the binder used in gathering grain and is an important part of the machine.

We buy no repair parts from the Harvester Company or sections or guard plates or twine. We do not sell twine. The Harvester Company under the contract furnished us a superintendent to assist us in setting up our business who is still in our employ.

Our business was profitable in 1920 but very unprofitable in 1921. We held all the orders we could in 1921, but we could not hold them all; we did not accept cancellations generally.

Our principal competitors in the harvester line are the Harvester Company, Deere & Company, Massey-Harris Company, B. F. Avery & Sons. The Moline Company has been. The most important is the Harvester Company.

Prior to 1918 the McCormick and Deering lines of harvesting machines were the most prominent lines of the Harvester Company. In the broad sense of the word, the Champion, Osborne, and Milwaukee were prominent. I don't know about the Keystone and Plano. I cannot estimate the percentage of business in harvesting machines done by the Harvester Company.

We arrive at our prices by costs and competitive conditions. Broadly we follow the Harvester Company prices—not always.

I suppose the Harvester Company has more dealers than we have. Our company is not interested through stock ownership in any retail stores; our machines are sold to dealers who sell them to the farmers. Our company owns no coal mines, timber lands, blast furnaces, steel mills, coke ovens, nor railroads.

Raw materials are important factors in making harvesting machines. Pig iron is the most important. We buy steel and pig iron and make gray iron and malleable castings. I think at present overhead is the most important factor in the cost of harvesting machines. Materials are more important than wages.

I would not say the Harvester Company's competition has decreased since 1918 or that it is a less important factor in the harvester business.

The Acme Company was only a competitor of ours on mowers. The Walter A. Wood Company was a competitor in the East—not much in the West.

The Independent Harvester Company was a competitor in a very small way.

We quote our machines f. o. b. factory, Rockford, Ill. We
134 buy some steel from the Harvester Company. I think f. o. b. mill.

The only financial relations between our company and the Harvester Company is that we owe them some money from buying of them in 1920, and our collections being held up we were unable to clear it up as we should have done.

This indebtedness is not for the purchase of the Osborne line but for machines and repairs the Harvester Company made for us pursuant to the contract of sale.

Cross examination by Mr. SEVERANCE:

Our principal plant is at Rockford, Illinois, where we make plows, harrows, planters, cultivators, and the harvesting line. At our Minneapolis plant we make gas tractors; at Waynesboro, Pennsylvania, we make threshing machines and some tractors; at Columbus, Indiana, we have been making tractors and threshers but have discontinued that plant; at Batavia, Illinois, we make wagons.

Up to 1912 we made all our goods at Rockford. Mr. Emerson started the company in 1852; when I went with the company in 1895 the Emerson Mfg. Co. succeeded the Emerson-Talcott Co. In 1912 when this enlargement occurred the name was changed to the Emerson-Brantingham Company. In 1912 we took on all the other lines mentioned as not being made at Rockford.

We have continued making all these lines and in addition the Osborne line. I estimate that the Osborne line consists of 20 per cent to 25 per cent of our total output. We have been gradually working over to one line of sulky hayrakes, the Osborne line, because I think there was a preference for that rake.

There has been a growing tendency towards the side-delivery rake—a different type of rake altogether. We did not buy any side-delivery rakes with the Osborne line.

135 In 1921 the price of farm products slumped violently while the prices of other things held up, and the farmer only purchased such farm machinery as he was absolutely obliged to do; we found all through our territory that farmers repaired their old machines, bought second-hand machines at auction sales, with the result that there was a tremendous slump in the sale of all farm machinery, which was not peculiar to our company or to the harvester line but was experienced by all companies in all lines. In 1922 it was a little worse with us in total volume, though, as Exhibit (S) 10 shows, our harvesting machine sales were slightly better in 1922 than in 1921.

The exhibit does not include our sales of side rakes nor combined rakes and tedders. (Subsequently the Emerson-Brantingham Company forwarded to the examiner a statement which by stipulation was incorporated in the record, showing their sales of side-delivery

rakes as follows: 1919, 1,338; 1920, 1,784; 1921, 1,915; 1922, 586; 1923, 710.)

The statement in our annual report as follows, "Your directors are pleased to state that the remarkable improvement that has recently been made in sales fully justifies the course pursued in maintaining the organization as has been done," and that "both shipments to customers and future orders for 1923 now show marked improvement. The increase in the orders written for delivery during the spring and summer months of 1923 are sufficient so that the implement plant at Rockford is at present operating nearly to capacity, and its output is limited at this time by its ability to get materials from the mills and sufficient labor in certain departments" is correct.

We have found the competition of the Harvester Company fair.

They have only one dealer in a town, while we are not in as many towns, we have, I think, more than one dealer in a town handling different parts of our extensive lines. Some handle our tillage and not our harvester line; some both but not our threshers. We have found very active competition in all lines we make. We have dealers all over the territory—some good and some not so good.

When we purchased the Osborne line we were given an opportunity to hire one of their men to act as superintendent. He was formerly employed by Osborne at Auburn; he left their employ and came to us at that time.

The lessening of our trade in 1921 and 1922 was not caused by any unfair competition by the Harvester Company, but by the reasons I have given.

I know of no obstruction to the full and free play of competition in the harvesting machine business or any other branch of the agricultural implement business.

Redirect examination by Mr. MYERS:

In 1919, 1920, 1921, and 1922 we were placing binders and Osborne machines with dealers who had not handled those machines before and with Osborne dealers whom we had taken over.

The active competition was furnished by the competitors I have mentioned.

Recross-examination by Mr. SEVERANCE:

The Minnesota State prison is an active competitor in that district.

137 GEORGE WHITE, being duly sworn, testified as follows (Jan. 4, 1924):

Direct examination by Mr. MYERS:

I live at Batavia, N. Y., and have been vice president and general manager of the Massey-Harris Harvester Company since January 1, 1922. Before that I was with the Massey-Harris Company, Limited, of Toronto, Canada, which owns 11/15ths of the stock of the Massey-Harris Harvester Company.

I produced a statement of the harvester line domestic sales of the Massey-Harris Harvester Company for 1919-1923, inclusive—the 1923 figures being estimated.

(Offered in evidence as petitioner's Exhibit (S) 16.)

I produced a list of our branch houses. Said company has and has had since 1918 branch houses at Batavia, N. Y., Harrisburg, Pa., Columbus, Ohio, Lansing, Mich., Indianapolis, Ind., St. Louis, Mo., Kansas City, Mo., and Minneapolis, Minn.

(Offered in evidence as petitioner's Exhibit (S) 17.)

I also produced a list of the dealers to whom we sell harvesting machines. In 1919 we had 1,672 dealers and in 1923 we had 1,807 dealers. Said list shows the following number of Massey-Harris dealers handling harvesting machines in the respective branch-house territories.

(Offered in evidence in petitioner's Exhibit (S) 18, inserted by stipulation between counsel.)

139 I produce a statement showing prices to dealers for 1919 to 1923, inclusive.

(Offered in evidence as petitioner's Exhibit (S) 20.)

Our company was established some time in the '50s. It was one of the pioneers in harvesting machines and made the Johnston. About 12 years ago the Massey-Harris Company of Canada, Limited, bought the capital stock of our company, and six or seven years ago the name was changed to Massey-Harris Harvester Company. The Massey-Harris Company made nothing in the United States until it acquired the Johnston Company; it made harvesting machines in Canada. It now makes harvesting machines called "Massey-Harris" at the old Johnston plant for the United States and Johnston machines for export. Our sales of harvesting machines are in New York, Pennsylvania, Ohio, Illinois, Indiana, Missouri, Kansas, and Minnesota principally, and we do a little business in Nebraska and the Dakotas.

Something over 50 per cent of our goods are sold east of Chicago. Our principal competitors are the Harvester Company, Emerson-Brantingham, Avery, Deere, and State prison. The Deering and McCormick lines are the most prominent of the Harvester Company's lines. We have many less dealers than the Harvester Company. It is our biggest competitor.

The policy of our company in 1921 was quite naturally to resist cancellations. We arrive at our prices by ascertaining costs
140 and recognizing competitive conditions. Sometimes we follow the Harvester Company's prices. I always get a price list of the Harvester Company after it is printed, as I do of every other competitor. Last year the increase of prices on the harvester line was less proportionately than on other classes of implements. The Massey-Harris Company owns no iron-ore mines, coal mines, steel mills, coke ovens, or railroads, but it has some hardwood timber in New York. It buys a great deal of lumber, however. The cost

of raw material is the most important item in the cost of manufacturing harvesting machines.

I do not know the Milwaukee line of harvesting machines.

We quote prices f. o. b. Batavia, Chicago, St. Louis, and Minneapolis. We have just one plant—at Batavia, New York. Where prices are quoted f. o. b. at points other than Batavia, we absorb the freight from Batavia to the f. o. b. point.

Cross-examination by Mr. ELLIOTT:

At Batavia we make binders, headers, mowers, sulky and side-delivery rakes, hay loaders, disk harrows, cultivators, runner harrows, and drills. Our company imports from Toronto cream separators and reaper threshers which it sells. We are starting to make pulverizers.

We have our own malleable foundry and supply the Toronto plant with malleables, corn binders, and parts of harvesting machinery if they are short. There is coordination between the two plants.

141 Massey Harris Company of Canada has a capital of 24 millions.

The Canadian company has been in the agricultural implement business over 75 years, manufactures harvesting machines, and has a world wide business. We export from Batavia principally grain binders and mowers, and we have supplied those machines for the Canadian trade when needed.

Business has been difficult in 1922 and 1923—the most difficult the industry ever experienced.

Mr. ELLIOT. Isn't it your opinion that they have passed through the worst of that period? A. Yes, sir.

Mr. MYERS. I object to that question.

The list of dealers did not include jobbers. I have a separate list of jobbers.

Mr. ELLIOT. I will not offer this as an exhibit.

Mr. LUNDABERY. Find out what it is. I supposed that they sold only through their dealers. Now it appears that they sell through jobbers.

In enumerating the States where our principal business was done, I, by oversight, failed to mention Wisconsin. When we sell our machines to jobbers, they in turn market them through local implement dealers in their territory, so that to obtain a complete list of local dealers from whom farmers can obtain such machinery would involve adding to this list of dealers already put in, the dealers of the jobbers. We sell our harvesting machines through the following jobbers: Lindsay Bros., Milwaukee, Wis.; Wade & Co., Portland, Ore.; Dixon and Griewold, Los Angeles, Calif.; Townsend Buggy Co., Greensboro, N. C.; King Implement Co., Atlanta, Ga.; J. S. Woodhouse Co., New York City; Ames Implement Co., Boston, Mass.; Kendall & Whitney, Portland, Me.

Cross-examination by Mr. LINDABURY:

These jobbers carry our goods in quantity and sell to local dealers. In the localities mentioned we have not been doing business. We have no selling organization of our own so that the dealers in these various localities are supplied through local organizations that we have established.

142 **Redirect examination by Mr. MYERS:**

Petitioner's Exhibit (S) 18, which I produced is a compilation of all dealers handling the harvesting machines of the Massey-Harris Harvester Company with whom we write yearly contracts, not taking account of the dealers our jobbers may have.

Recross examination by Mr. LINDABURY:

We have points where we sell substantially all over the United States, but we are spread out so thin I would not say that we cover the whole territory unless it could be said, for example, that because we sell a few machines in Omaha we are represented in the whole of Nebraska.

(By Mr. ELLIOT.) In addition to the dealers listed we have other dealers who handle other of our lines than harvesting machines who are ready to take orders if anybody wanted harvesting machines.

143

HENRY L. TAYLOR, being duly sworn, testified as follows (Jan. 4, 1924.)

Direct examination by Mr. MYERS.

I am vice president and sales manager of B. F. Avery & Sons, Louisville, Kentucky, and have been employed by that company since 1900 and have held my present position since February, 1919.

I produce statement showing the domestic sales of each line of harvesting machines sold by B. F. Avery & Sons for the years 1919 to 1923, inclusive.

(Offered in evidence as petitioner's Exhibit (S) 21.)

I produce a statement showing number and location of branch houses maintained by B. F. Avery & Sons for the distribution of harvesting machines from 1919 to 1923, inclusive.

(Offered in evidence as petitioner's Exhibit (S) 22.)

I will prepare a statement showing number and location of retail implement dealers handling harvesting implements of B. F. Avery & Sons for 1919 to 1923, inclusive.

(Said statement was later forwarded to the examiner and by stipulation introduced in evidence as petitioner's Exhibit (S) 125.)

I produce a statement of the number of harvesting machines of the Champion brand manufactured by B. F. Avery & Sons since taking over that line.

(Offered in evidence as petitioner's Exhibit (S) 23.)

I produce a statement of the number of machines of the Champion line manufactured by the International Harvester Company for B. F. Avery & Sons.

(Offered in evidence as petitioner's Exhibit (S) 24.)

I produce a statement showing the prices to dealers on Champion machines by B. F. Avery & Sons.

(Offered in evidence as petitioner's Exhibit (S) 25.)

I produce a condensed balance sheet for the last year available.

(Offered in evidence as petitioner's Exhibit (S) 26.)

145 B. F. Avery & Sons (Inc.) was established in 1925. A company not affiliated with this one but of a like name is Avery Company, of Peoria, Illinois, which manufactures tractors and threshers. B. F. Avery & Sons (Inc.) first engaged in the manufacture of harvesting machines in 1921. We bought the Champion line from the International Harvester Company in December, 1918.

I produce a copy of the contract by which the company acquired that line.

(By agreement of counsel copy of the contract produced by counsel for the International Harvester Company is offered in evidence in lieu of that produced by Mr. Taylor as petitioner's Exhibit (S) 27.)

Before the acquisition of the Champion line, B. F. Avery & Sons manufactured plows and tillage implements known as the B. F. Avery line. It still manufactures these lines. Before the purchase of the Champion line Avery & Sons marketed the mowers, rakes, and tedders of the Thomas Manufacturing Company of Springfield, Ohio, in the southern trade. We no longer handle the Thomas machines. Avery & Sons now manufacture grain binders, headers, push harvesters, mowers, sulky and side-delivery rakes, tedders, and reapers. All of these are produced under the Champion brand. These machines are not made entirely from parts manufactured by Avery & Sons. We buy malleable castings from the International Harvester Company, and I am inclined to think we buy rake teeth. We do not handle binder twine. Repair parts purchased by Avery & Sons from the International Harvester Company to go into current machines. There are many malleables on a binder and mower and different tools, and it would be impossible to have them all in mind.

For the fiscal year ending September, 1920, business was very good. There were a great many cancellations by dealers for 146 the 1921 season. We endeavored to prevent every customer who canceled from cancelling; endeavored to have reinstated every order which was canceled. We did not ship any order after it was canceled.

Avery & Sons sells its harvesting machines largely in the South and Southwest—that is, North and South Carolina, Georgia, Alabama, Tennessee, Kentucky, Mississippi, Arkansas, Louisiana, Texas, and Oklahoma. Practically all headers, push harvesters,

and binders are sold in the grain growing sections of the Middle West and Northwest.

Our prices are based on cost and competitive conditions. Generally speaking, on harvesting machinery we follow the prices of the International Harvester Company. We are in position to observe the prices and changes in prices of the Harvester Company on these products.

We made a profit on the harvester machine line in 1919 and 1920. We lost money on everything since 1920. We compete with Deere & Company, Massey-Harris Harvester Company, Emerson-Bramingham, and the International Harvester Company. The International Harvester is the most important competitor.

Prior to its acquisition by our company the Champion was a well-established line in our territory. The Osborne line was not.

Avery & Sons does not own iron ore mines, timber lands, lumber mills, steel mills, coke ovens, nor railroads. I do not think we purchase raw material from the International Harvester Company. Raw material is the most important factor in the manufacturing cost.

The Milwaukee line is not a prominent line in our territory.

Mr. MYERS: Is the International Harvester Company a less dominant factor in the harvesting machine business now than it was in 1918?

Mr. LINDABURY: Defendants object to the question on the ground that it calls wholly for a conclusion and requires the witness to make an answer without a foundation in his own knowledge.

147 We were not operating to any large extent in 1918 in the field where harvester machinery is sold, and for that reason I do not know. We were not interested at that time.

Avery & Sons has completed all payments to the International Harvester Company under the original contract for machine parts and equipment. I believe there is an existing indebtedness to the International Harvester Company pertaining to the purchase of merchandise, machines, and extras.

Cross examination by Mr. LINDABURY:

Before the acquisition of the Champion line we did not have a complete line of agricultural implements, the chief deficiency consisting of harvesting machinery. The trend of business at that time and for some time before was toward carrying a complete line. I would say the Champion line of harvesting implements which we acquired was complete. I had not, and I think the company had not, been considering the purchase of the Champion line, but we had the opportunity to purchase it. I advised such purchase. There was no other line of harvesting machinery for sale which was as favorably known as the Champion line. With the acquisition of the Champion line our company had a fairly complete line of agricultural implements.

Our business was good in all lines of manufacture in 1919 and 1920. There was a slump in all lines in 1921 and 1922 which extended throughout the agricultural implement industry and was caused by the low prices received by farmers for their produce. The recovery has not been complete up to this time. Recovery began in the spring of 1923.

Cancellations were not confined to harvester machines but extended to all lines.

The situation as affecting the harvester line was not due, so far as I was able to discover, to any unfair competition of the International Harvester Company nor any other company, and so far as I was able to discover it was not due to any obstruction or impediment existing in the trade to free and full competition by any manufacturer.

148 The outlook for 1924 on the general line is that we shall do about 65% of our season ending 1920 which was somewhat above normal. There has been a very small increase in our orders of the present year (1923) compared with orders of a year ago. We sold considerably more mowers in 1923 than in 1922. My only explanation for that increase is hard work.

We build our harvesting machines at Louisville, Kentucky, in a new building which was completed in the fall of 1920. Construction was begun about a year after we purchased the Champion line because we did not have sufficient room. The building was of such size as to take care of our trade for some time.

We sell to dealers in the same manner as testified to by previous witnesses, which is a common way throughout the country. The dealer buys at the price he can get and sells at the price he fixed. He is his own master. Since we acquired the Champion line we have not sold them to every one of our old dealers. We have sold them to a great many new dealers. We have had no more difficulty in getting an adequate supply of dealers to handle our harvesting lines than other lines except that in the new territory which we had never covered before it is more difficult for us to get dealers not only on the harvesting machinery but on our regular line, our old line.

Redirect examination by Mr. MYERS:

The Louisville plant is not devoted entirely to the manufacture of harvester machines. Parts of other machines which we had been building are made there. We simply added one building approximately 500 feet long and 100 feet wide. It is considered an assembling plant for use in reaming, polishing, and finishing castings and steel parts which come from other parts of the plant. It is used for assembling harvesting machines. At one time we assembled tractor plows there.

149 We have been successful in persuading the dealers who formerly handled the tillage, cultivating, and seeding implements of the Avery line to take on the Champion harvesting line, except that we have not sold every dealer the Champion line. We

have sold other goods. In some cases those dealers had been handling the harvesting machines of other companies. We have had a great many repeat orders from dealers, indicating that they have sold the Champion machines previously purchased from us, and we are constantly obtaining new dealers to handle the Champion machines.

(Offered in evidence general catalogue of all the implements manufactured by B. F. Avery & Sons as defendant's Exhibit (S) 1. Twenty-seven pages are devoted to harvesting machines as distinguished from other machines.)

Recross examination by Mr. LINDABURY:

So far as I know the statements in the catalogue with respect to the harvester lines are true and correct.

Redirect examination by Mr. MYERS:

I have read practically everything in the catalogue.

151 EDWARD K. McLEAN, being duly sworn, testified as follows (Jan. 4, 1924):

Direct examination by Mr. MYERS:

I live at Hoosic Falls, N. Y. I am secretary of the company and have been with it about thirty years.

A statement showing domestic sales of each line of harvesting machines sold by the company for the years 1919 to 1923, inclusive, was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 28.)

A statement of the number and location of branch houses maintained by said company for the distribution of its harvesting machines was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 29.)

A statement of the number and location of retail implement dealers handling harvesting implements of said company has been prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 30.)

I produce condensed balance sheets of the Walter A. Wood Company, one as of July 31, 1922, and the other as of November, 1923, when the receiver took possession.

(Offered in evidence as petitioner's Exhibits (S) 31 and (S) 32, respectively.)

152 I produce a comparative statement of the prices of the leading line of harvesting machines made by the Wood Co. for four years. We had no stated prices in 1923 because we sold such machines as we had on hand for anything we could get, but I hand you a set of forms which are comparable with the statements heretofore produced.

(Offered in evidence as petitioner's Exhibit (S) 33.)

The Walter A. Wood Company was established in 1852 and has engaged in the production of harvesting machines from that time. It manufactures harvesters, binders, mowers, tedders, reapers, sulky,

side-delivery rakes, hay loaders, manure spreaders, and various kinds of tillage tools such as spike-tooth harrows and cultivators. At the present time the company is in the hands of receivers appointed, I think, the 10th or 14th of November, 1922, and is undergoing a reorganization, the plans of which have been submitted to the stock and bond holders for approval. The company ceased producing harvesting machines early in the spring of 1923.

The machines made last winter were manufactured from parts and materials on hand. The company ceased the regular manufacture of machines, as distinguished from assembling from parts previously made, last March (1923). We make the repair parts still.

The Walter A. Wood harvesting machines had a world wide trade. We had more export than domestic business. They were sold in the United States principally in Michigan, Ohio, and a line south and east thereof. We could do all the business we had capital for in the eastern States in our plant. Our principal competitors were the International Harvester Company, Massey Harris, John Deere, and Emerson Brantingham. We think that the competition of the International Harvester Company decreased perceptibly since it disposed of the Champion and Osborne lines in 1918, although we have been actively out of touch of the thing for practically a full season.

153 Q. You say you think it had. Do you have any information on the subject? A. No, sir. I should not say the competition of Emerson Brantingham Company has increased perceptibly in our territory since 1918. Emerson has a limited organization there now and Avery not much of any.

154 We made a little money in 1919 and lost in 1920. Since then our business has not been profitable; we had a good many cancellations for the 1921 season. We accepted attempted cancellations as far as we could.

We generally had to follow the prices established by the International Harvester Company.

The Walter A. Wood Company does not own iron ore mines, coal mines, timber lands, steel or lumber mills, coke ovens, nor railroads. It buys all its raw materials. None of the raw material is purchased from the International Harvester Company.

Prior to 1918 the harvesting machine lines of the International Harvester Company were prominent in our territory, particularly the McCormick and Deering brands. With the exception of the South, where Avery is embarked in the harvesting machinery business, I should not say that the Osborne and Champion lines were met in competition more often in 1920, 1921, and 1922 than in 1918. As to whether Avery is making a great success of it in the South, we have been out of touch for a year, and I am not in a position to answer it, but I understand that they are making considerable success.

Raw materials are the most important factor in the manufacturing cost of harvesting machines. We quote prices f. o. b. factory and

our various branches and distributing points. For instance, we carry two stocks in the Louisville branch, one at Nashville and one at Louisville. Some years we operated under a schedule f. o. b. Nashville and others f. o. b. Louisville, and they paid the freight from either point.

Cross-examination by Mr. Remy:

Mr. LINDABURY: You sold your harvesting lines in the South where the Champion is now being sold?

Mr. McLEAN: Yes; we sold some down there.

155 Mr. LINDABURY: When did you cease to sell in that territory?

Mr. McLEAN: In December, 1923, when we closed our Louisville office.

156 About 1913 and 1914 approximately 65% of the harvesting machine products of the Walter A. Wood Company were sold in export trade. We always treated Canada, where we had a very limited business, as domestic trade, so that part of the 35% classed as domestic trade was Canadian. The war had a very serious effect on our foreign trade; our German and Russian trade was cut off in 1914. That business was conducted through our Berlin office, which also handled the Russian business, and was quite substantial. Also we have always done a large business in the United Kingdom and France. Whatever credit we had extended to customers in Germany and Russia, which ran into hundreds of thousands of dollars has been charged off to loss. The curtailment of foreign business rendered part of our factory idle and increased the overhead on domestic trade.

We purchased steel in the Pittsburgh district. I think there were increases in freight rates between 1914 and 1920. I do not remember whether they were heavy, but they put us at a further disadvantage in competing with any company located in the Mississippi Valley.

The Wood binder is heavier than the International Harvester Company binder and the rise in prices of raw materials increased its cost.

We had serious labor troubles in 1920 and 1921, which had a great effect on our output, production cost, and ability to market the goods.

Mr. LINDABURY: How long did that strike last?

Mr. McLEAN: In 1921 it lasted the first six months.

Mr. LINDABURY: Did you have another strike?

Mr. McLEAN: Not after that, but we had several strikes during that period of labor unrest.

The freight from Hoosick Falls to the Middle West would have increased our cost if we had entered Middle-Western trade
157 but as I have said we were doing in the East and South all of the business for which we had working capital available for domestic trade.

The Osborne machine was well known in the East, and I should think that the fact that it is manufactured in Rockford, Illinois, would be a disadvantage in selling in the East.

1921 was a very bad year for our company. Conditions in the farming and agricultural implement business were very bad. There had been a sudden fall in farm products in 1920, but none in the cost of manufacturing implements.

Cross-examination by Mr. LINDABURY:

Walter A. Wood Company has suffered from a shortage of capital for some years; as we lost money our working capital diminished. In the last twenty years our balance sheet has shown a loss fourteen times.

Redirect examination by Mr. MYERS:

Our plan of reorganization does not contemplate resumption of the manufacture of harvesting implements.

158 WILLIAM D. STEWARD, being duly sworn, testified as follows (Jan. 5, 1924):

Direct examination by Mr. MYERS:

My name is William Deering Steward. My home is in Plano, Illinois. I became president of the Independent Harvester Company in June, 1913, when my direct connection with the implement industry began.

The Independent Harvester Company was incorporated in 1912 under the laws of the State of Maine and so operated until I was made receiver, when it was incorporated under the laws of Delaware. I was appointed receiver in 1917 by Judge Carpenter of the United States Court, and also appointed receiver by the Maine court. I then operated the company until it was sold in May, 1920, to a syndicate composed of Francis Bloodgood, jr., of Milwaukee, A. J. Earling, Wheeler P. Bloodgood, Lawrence Fitch, Grant Fitch and Jackson P. Kemper, none of whom had previous connection with the company, excepting that Mr. Bloodgood had frequently assisted me in obtaining much-needed money for the Independent Harvester Company. These men owned 92 per cent of the stock. There were 27,000 farmer stockholders. The properties were operated by me for the syndicate for a little more than a year. They then removed their office to Milwaukee. My connection with the company ceased in the late summer of 1920, and they operated the company themselves until January or February, 1921, when I acquired the stock.

A Delaware corporation had been formed by the purchasers at the receiver's sale.

I completed the manufacturing schedules so far as was necessary, sold the finished machines, sold the raw materials, and am now trying to collect the receivables, pay the debts, and carry on the repair business. The repair business is being carried on under a new corporation formed under the laws of Illinois.

159 I sold all real estate, machine-tool equipment, patterns, jigs, tools, dies, and all property of that nature to the Moline Plow Company, Moline, Illinois, in the winter of 1921. The present Illinois repair corporation leases one warehouse from the Moline Plow Company. Neither the Moline nor any other company has operated the plant for the manufacture of harvesting machines since. The repair parts being manufactured are intended only for the use of machines now owned by the farmers.

The original construction of the plant began in 1857, when my father built the first building, and it had always been devoted to the production of harvesting machines. The first machine produced was called the Marsh harvester. Steward & Marsh was the name of the first concern. Gammon, Deering & Steward succeeded them and manufactured harvesting machinery. They were succeeded by the Plano Manufacturing Company. They left Plano some time in the 80's. Thereafter, a portion of the plant was occupied by a man named Sears, who manufactured potato peelers and corn cultivators. Another portion was occupied by the Kellogg Harvester Company. That portion was occupied later by William C. Thompson, who organized the Independent Harvester Company, the Maine corporation. I think the Maine corporation was organized in 1904 or 1905.

During my association with the Independent Harvester Company it purchased all of its raw material and manufactured harvesters, mowers, drills, seeders, harrows, corn binders, sulky rakes, but no side-delivery rakes. The Independent Harvester Company sold in Iowa, Illinois, Minnesota, Kansas, and Nebraska, in that order. Our principal competitors were International Harvester Company, Deere, Moline, and the Minnesota State Prison. We could not distinguish between our competitors.

We attempted to arrive at our selling price on the basis of a cost system, but our agents in the field seemed to fix their own prices and made various concessions. In some instances, we
160 followed the prices of the International Harvester Company.

Cross-examination by Mr. REMY:

The mowers and manure spreaders were the leading lines of the Independent Harvester Company in 1911.

In 1913 the capital stock of the Maine corporation was ten million dollars, one million dollars common stock and the balance preferred machinery discount stock. The holders of this stock had the right to purchase farm machinery at a discount. My recollection is that the amount of the discount was not stated. I believe there was nine million dollars of that stock, and at the time I became president six or seven millions had been sold to farmers through stock salesmen, and the discounts made by salesmen varied from ten to twenty-five per cent and the number of farmers who bought stock was approximately 27,000. Prior to the time I became president farmers owning

that stock had no voting rights, but later the charter was amended to give such right. I did not continue to sell stock to the farmers.

In addition to harvesting machines the Independent Harvester Company manufactured a fairly complete tillage line, plows, harrows, seeders, drills, gasoline engines, and one or two smaller products. The sales in the harvester lines do not constitute one-fourth of the entire sales.

In February, 1913, the newspapers contained an article to the effect that an investigation of the methods of the Independent Harvester Company was being conducted by the Federal authorities. That affected the sale of the stock because the farm papers had been suspicious of Mr. Thompson, my predecessor, and his associates and methods. Mr. Thompson employed counsel for the company, who visited me in Plano. In 1913 the old board resigned. A new board was elected and I was made president. The stock salesmen were immediately discharged. Mr. Thompson was indicted some time later by a Federal grand jury, was brought to trial, and discharged.

161 The question of repairs, spare parts, and service is a very important one in the minds of users of farm machinery, and the knowledge that the company was in trouble created a fear that it might cease operations and they might not get parts. Therefore they did not wish to purchase machines.

The Independent Company sold to dealers and the publication of these charges made it difficult to obtain responsible dealers.

The financial condition of the company in 1913, when I became president, was very good, but it was not good when I was appointed receiver in 1917—that is, it was good so far as the payment of liabilities, except stock liabilities, was concerned, but we were not selling any stock, and it required so much money to carry on the manufacturing business that I was greatly embarrassed many times for lack of funds. Prior to my coming into the company the sale of this preferred stock made the financial condition very good.

The difficulties which occasioned the appointment of a receiver were not caused by any unfair competition of the International Harvester Company. I was not very familiar with competition, but so far as my experience goes I had no cause to complain of ill-treatment in the field. I attribute our troubles to the excessive cost of manufacturing such a variety of implements in small quantities in one plant and the reputation of the company resulting from the difficulties in which Mr. Thompson was involved. Our chief difficulty in the field was obtaining a class of dealers financially responsible and comparatively permanently established. They did not care to handle a line which might be discontinued or concerning which there might be some question. The greatest number of our stockholders were in the territory where our sales might be

162 the largest. Those stockholders were naturally disappointed and hurt; and on the one hand a dealer in a given community might find in his territory ten to twenty farmers anxious to assist

the company and an antagonistic group who still felt they had been injured.

163 After we sold to the Moline Plow Company in 1921, I was in touch with the trade so far as furnishing repair parts, either to the dealers or direct to the farmers, was concerned, and in endeavoring to collect debts of dealers to the company. I have never seen the year that I have not found difficulty in collecting such debts. The financial condition of the farmers and dealers with whom we dealt in 1921 was very bad. The farmer was unable to pay because he received so very little for his product.

Redirect examination by Mr. MYERS:

Orders for the following years were:

	1919	1921	1922	1923	1924
Reapers	1,480	1,747	1,200	1,034	249
Mowers	5,219	2,080	2,273	2,615	1,710
Rakes	1,461	4,274	998	974	324
Other implements	336	470	313	180	24

The Independent Harvester Company has produced no machines since 1920. The records are in such condition that it would be impossible to prepare a statement of the sales. I was rather careful to have bona fide orders and would say that deliveries were approximately 90% of the orders of each year.

Location of branch houses for 1919: Fargo, North Dakota; Minneapolis, Minnesota; Des Moines, Iowa; Kansas City, Missouri; Omaha, Nebraska; and there were no branch houses in 1920, 1921, 1922, and 1923.

The number and location of implement dealers or agencies handling the Independent line of harvesting implements for the years 1919 and 1920 were: Fargo, approximately 200; Minneapolis, approximately 300; Des Moines, approximately 150; Kansas City, approximately 150; Omaha, approximately 200; in each case meaning the territory served by that branch.

Plano served approximately 150.

In 1921, 1922, and 1923 there were no such dealers or agents.

The Independent Harvester Company ceased to manufacture harvester machines in January, February, or March of 1920.

(Offered in evidence condensed balance sheet of the Independent Harvester Company (Ltd.) as of January 31, 1920.)

I produce statement of dealers' prices for the years 1919 and 1920.

(Offered in evidence as petitioner's Exhibits (S) 35 and (S) 36, respectively, with special reference to the prices for grain binders, corn binders, mowers, hayrakes, sweep rakes, with the stipulation that only those prices are to be copied into the record.)

165 With reference to petitioner's Exhibit (S) 34, the words "as at date" indicate the condition as of the same date as balance sheet shows at top. The next column indicates the condition as of the preceding month.

Mr. LINDABURY. Is that a matter of recollection with you or are you just speculating?

Mr. STEWARD. It is a matter of my recollection of the custom of the company preparing these balance sheets for the information of the various directors.

166 WILLIAM L. JACOBY, being duly sworn, testified as follows (Jan. 5, 1924):

Direct examination by Mr. MYERS:

I live in Chicago, Illinois. In the fall of 1918 I was elected president of the Acme Harvesting Machine Company. I had been in the employ of A. G. Becker & Company, Chicago, dealers in commercial paper, which was a large creditor of the Acme. I do not know when the Acme Company was established, but to my knowledge it has been in South Bartonville, a suburb of Peoria, Illinois, since 1918.

The Acme Company has been in the hands of a receiver, which is the Dime Savings & Trust Company, of Peoria, for three months. The plant is idle; 1919 was the last year in which there was much assembling of parts to make complete machines. Some castings were made and some parts bought on the outside for assembling purposes, but there was not much real manufacturing after that year. The company sold a few machines in 1920, 1921, and 1922.

The Acme Company made grain binders, corn binders, mowers, certain styles of rakes and headers. The company acted as jobbers in the sale of tillage implements. The Acme machines were sold principally in the southwestern and middle western country, Nebraska and Kansas, and in the northwestern section, Minnesota and Dakota. While I was president of the company the principal competitors of the Acme were the International Harvester Company and Deere & Co.

My recollection is there were no machines on hand for sale this year. The Acme Company got the best prices it could for machines. It is in the process of liquidation. It necessarily had to follow prices of its competitors and must have followed the prices of the International Harvester Company or any other company which manufactured harvesting machines. It probably had to reduce its prices below those of its principal competitors in order to sell and liquidate. The Acme owned no raw materials such as steel or
167 binder mills, and to my knowledge did not purchase its raw materials from the International Harvester Company. The receivers have not made any disposition of the properties except that some machine tools have been sold.

Cross-examination by Mr. LINDABURY:

The Acme built and sold about 80 tractors. This was begun prior to my connection with the company. The venture was a failure. I would guess it must have cost for experimentation one or two hundred thousand dollars.

Mr. MYERS. Are you testifying now as to your recollection of the records of the company, or are you estimating the probable cost of such an enterprise?

Mr. JACOBY. I was giving my personal opinion as to what it might cost to design and build that tractor.

A small building was put up for the purpose of assembling tractors.

I judge from the fact that the amounts owing to the company were rather large, based on the volume of business for some years previous to my connection with the company, that credit had been rather easily given.

The decision to liquidate came about as the result of my recommendation starting from my connection with A. G. Becker Co. back in 1918 to 1919. I can not say that the decision to liquidate was reached as a result of the discovery of any unfair competition or practices by the Harvester Co. in the conduct of its business. The principal reason was that so much money was needed to build a plant which would justify the manufacture of the machines it was making and so much would have been needed to enlarge its scope and we could not see where it would come from. Some years before my connection with the Acme there had been a reorganization and preferred and common stock had been sold. The business of
108 A. G. Becker & Co. is not to manufacture except where in its interest or that of others it may do so, and realizing that it was not our wish to engage in an enlarged program of manufacture, there seemed to be only one thing to do.

Cross-examination by Mr. ELLIOTT:

The basis of my recommendation that the business should be liquidated was an investigation I had made representing the existing creditors with a view to determining what had been the
causes of the existing financial troubles. From that investigation I formed the opinion that the company had never been
109 sufficiently financed with stockholders' money, as distinguished from borrowing what it could, and to unwise management. My experience had been principally in manufacturing, but not in manufacturing agricultural implements. I concluded it would be a mistake to put further money into the tractor business. I did not consider the tractor being developed of a good design. I told my associates that they had a machine which might pull a plow, but it was not designed for manufacturing purposes. It was an assemblage of parts that were bought and raw materials in the steel shops which were pressed into shape and an engine bought outside. If we were to manufacture tractors we should design one which could be manufactured competitively at a minimum of cost.

Just how much we wrote off on receivables I do not recollect, but quite a good deal of old accounts and notes, and that continued up to the end of my activities.

In general, the statement is correct to my mind that the recommendation for liquidation was based primarily on internal reasons, due to the lack of sufficient money in the past, and unwise management creating losses, and the necessity for additional money which could not be produced except from creditors, rather than on any impossible conditions in the competitive field which could not be met by any company reasonably financed and operated. Money, when I came into the situation, could not have been secured from stockholders—only through banks which were already large creditors. If it had not been for the personal assurance of Mr. A. G. Becker to several banks that they would not lose on their loans to the Acme, it is my opinion that there would have been some proceeding to wind up its affairs before I became connected with it. Mr. Becker was involved for over a million dollars and was the largest creditor.

170 Redirect examination by Mr. MYERS:

The hundred to two hundred thousand dollars expended in the tractor business was spent largely in experimentation and some in defending suits for failure to perform. The company never actually went into the tractor business. It never pretended to make the parts, merely assembled a few machines.

It is my recollection that Mr. P. D. Middlekauf was at one time president of the company, and I have heard that he had had long experience in the agricultural-implement business. When I said the business policy had been unwise, I offered my own opinion.

171 FREDERICK A. STAMBAUGH, being duly sworn, testified as follows (Jan. 5, 1924):

Direct examination by Mr. MYERS:

My home is River Forest, Illinois. I am manager of the farm-implement department for Sears, Roebuck & Company, Chicago. They manufacture a limited line of harvesting implements, consisting of mowers and sulky hayrakes. The machines are manufactured at the David Bradley Manufacturing Works at Bradley, Illinois, a factory owned by Sears, Roebuck & Company. The number of harvesting machines sold by years is as follows:

	1919	1920	1921	1922	1923
Mowers	1,020	3,977	459	127	96
Rakes	2,110	2,963	980	697	617

We sell only through our catalogues direct to the user. We have no dealers' trade and our prices are net. Machines are sold f. o. b. factory, Bradley, which is 50 miles south of Chicago.

Sales

Year		1919	1920	1921	1922	1923
SALES		1,009	2,877	479	525	863
SALES		866.85	866.75	875.95	854.95	849.75
SALES		60.90	62.85	74.95	36.00	51.00
SALES		72.15	69.90	77.00	57.95	53.90
SALES		1,112	1,905	692	587	912
SALES		807.45	804.75	807.90	825.85	824.95
SALES		40.90	38.00	41.95	20.50	28.00
SALES		40.75	48.00	47.75	34.90	32.90

Cross-examination by Mr. SEVERANCE:

I was not in the agricultural-implement business before I became connected with Sears, Roebuck in 1901. The department had been organized prior to that time and I have been manager since 1908, during all of which time I was in the same department. Our catalogues are very widely distributed. At the present time practically all of our implement business is for cash. It is fundamentally a cash business, although in the past we have sold some on time. We have no facilities for furnishing any service in setting up machines or making repairs.

We bought the plant at Bradley in 1910. It was owned by the David Bradley Manufacturing Company and has been expanded considerably since that time. It is on the Illinois Central and Big Four Railroads. We built a new warehouse there and maintain warehouses for storage of implements at other places, from which places we ship. We have branch houses at Philadelphia, Dallas, and Seattle, and separate catalogues are issued for those points. The prices are f. o. b. Dallas or Seattle. We have warehouses for implements at Fargo, Kansas City, Omaha, Billings, and St. Paul, and we have printed prices f. o. b. those points. They include freight from Bradley to the warehouse.

We manufacture a complete line of tillage tools, such as plows, harrows, discs, planters and spreaders, corn shellers, feed grinders, and miscellaneous implements, all manufactured at Bradley. We manufacture gasoline engines at Evansville, Indiana. That is not in my department, and I do not know to what extent Sears, Roebuck are interested in that plant. I know in general that Sears, Roebuck do a large business in gasoline engines. Sears, Roebuck sell cream separators which are manufactured at Buffalo, N. Y. In all these lines we compete with the International Harvester Company and with practically every agricultural implement manufacturer in the country. Our catalogue goes into every State in the Union, and Sears, Roebuck is recognized as the largest of the mail-order houses. Including mowers, rakes, and tillage implements, the business of my department in the years in question has run from one million to two and a half million, 1920 being the largest year. Business slumped

suddenly in the fall of 1920. I do not remember any year when things slumped as they did beginning with the fall of 1920.

173 The slump in 1921 was general throughout the department.

We find at present that business is looking up. Everybody's business suffered great losses in 1921.

Redirect examination by Mr. MYERS:

Our catalogues are sent on application, and also we send them out voluntarily to a list of customers.

Mr. MYERS. How do rakes and mowers compare with grain and corn binders in the matter of cost of manufacture?

Mr. Remy. I object; the witness has not shown himself qualified to answer that question.

I have never been engaged in the manufacture of binders or corn binders, but I believe mowers and rakes are relatively more simple to operate than binders. Ordinarily a binder would require more service and repairs.

The gas engines are used for power around the farm. They are not necessarily agricultural implements. They deliver power whenever required. The engines we sell are very largely used on farms.

The approximate amount of the turnover of harvesting machines, as distinguished from other agricultural implements, would be about 10%, that is on \$2,000,000 sales, harvesting machines would run to \$200,000. These figures do not include gasoline engines or cream separators. Besides agricultural implements I have in my department wire fencing, incubators, and poultry-raising lines.

174 **GEORGE S. PERK**, being duly sworn, testified as follows (Jan. 7, 1924):

Direct examination by Mr. MYERS:

From 1893 to 1901 I was with Deere & Co. in Minneapolis; from 1901 to 1910, manager of the Deere business in Omaha; from 1911 to 1917, vice president of Deere & Co. at Moline; from 1917 to the spring of 1919 I was in Washington in the Government service, first as industrial representative of the War Industries Board, later, when Mr. Baruch was made chairman of the board, I was appointed commissioner of finished products and served in that capacity throughout the war, and stayed after the armistice was signed and, with Judge Ritchie, cleaned up the affairs of the War Industries Board. In February, 1919, I accepted the chairmanship of the industrial board of the Department of Commerce and served in that capacity until the board disbanded in May, 1919. On September 1, 1919, I took the presidency of the Moline Plow Company, which I still hold.

The Moline Plow Company was heavily in debt at that time, and the books of the company had not been kept in the same conservative manner as the books of Deere & Co., for example, with which I was more familiar. The present company—Moline Plow Company, Incorporated—was organized under the laws of the State of

Virginia in 1922. It is a reorganization of the Moline Plow Company, an Illinois corporation.

175 The old company had a capital structure of \$7,500,000 first preferred, \$1,500,000 second preferred, and \$10,000,000 common stock. The new company has a capital structure of \$12,500,000 debentures, \$12,500,000 first preferred, 75,000 shares second preferred, and 200,000 shares of no par value common stock. The \$12,500,000 debentures and \$12,500,000 preferred stock represented the creditors' claims with interest, and composed the senior securities of the new company. The 75,000 shares of second preferred were issued, share for share, to the holders of first preferred of the old company. Of the 200,000 shares of no par value common, one share was issued for each \$100 value of the senior securities, and the balance, a small proportion, went to the old common stockholders. All of the several classes of securities are held in a voting trust, of which the trustees are Frank O. Wetmore, E. D. Hulbert, Arthur Reynolds, C. E. Mitchell, and Joseph E. Ous. They represent the interests of all security holders, both creditors and stockholders.

I produce this list which states correctly the names of the board of directors of the Moline Plow Co.

(Offered in evidence as petitioner's Exhibit (S) 37.)

176 Referring to the banker members of the board, some of the present board were identified with creditors of the old company and the reorganization committee of the old company.

The Moline Company manufactured harvesting machines for a number of years. They are not manufacturing them now. They bought the Adriance-Platt Company, Poughkeepsie, around 1911, 1912, or 1913; I do not remember the exact date. These machines had been sold under the name Adriance-Platt and in later years they were called Moline-Adriance. Grain binders, reapers, corn binders, mowers, and sulky rakes were manufactured. The Moline Company also made a general line of tillage tools, such as plows, harrows, cultivators, disk harrows, corn planters. This was the original line manufactured for some time before it took on the harvester line. The company is to-day manufacturing all of those machines. It also manufactures grain drills, seeding machinery, hay tools, such as rakes and loaders, manure spreaders, farm wagons, farm scales, and it has been manufacturing tractors. It was primarily a tillage company. The company still owns the harvesting machine plant at Poughkeepsie, but has recently entered into a contract for disposition of some of the equipment, and the plant itself is for sale. The purchasers of the equipment, I understand, do not expect to manufacture harvesting machines, but intend to continue the manufacture of repairs. The Moline Company has been operating the Poughkeepsie plant to a greater or less extent, as the trade required, up until the last thirty days. We have supplied the trade during 1923 with complete machines and parts. There was a large inventory at the end of 1920 and a very small business in each of the three years following. We have been attempting to use

up as much of our inventory as possible. In the nature of the business, the inventory would be unbalanced, some parts being inapplicable to various machines, but we have continued to manufacture and furnish complete machines. Since 1921 the plant has been operated only to a very small proportion of its capacity. The Moline Company bought the old plant of the Independent Harvester Company at Plano, Illinois, in 1920. It was never actively operated. The plant is for sale. The statement now produced by me correctly shows the shipment of harvesting machines from the factory to our warehouses and direct to our dealers during the years 1919-23. I am not able to produce a statement of actual sales during each of these years, but these statements reflect substantially the sales, as we carry over very few machines in our warehouses, and the number carried over each year would not vary greatly.

I produce statement showing shipments from factory to warehouses and from factory to dealers, which practically reflects sales during the years in question.

(Offered in evidence as petitioner's Exhibit (S) 38.)

This statement shows an increase in 1923 over the preceding year. All those machines were manufactured by the Moline Company, but perhaps not all during 1923.

I produce list of branch houses of the Moline Plow Co. in 1919, 1920, 1921, 1922, and 1923.

178 (Offered in evidence as petitioner's Exhibit (S) 39.)

The company had properties and stocks of goods at those places for substantially the full period. Some of the branches are just recently being closed—for instance the Dallas, New Orleans, and Baltimore branches. I have not been able to produce a list of the retail implement dealers handling our harvesting implements, as our records do not differentiate between the various classes of products and it would not be practicable to go through the branch houses to make up such a list. Some of the branches have been discontinued as branches and continued only as warehouses. There is a difference between what is termed a branch house in the implement trade, which is a selling branch with a clerical force keeping books, and a warehouse or shipping point. We have maintained our stocks in those warehouses and then make shipments in much the same manner as one would make out of a transfer house. That change in the method of doing business started in 1921 and was finally completed in 1922 when the new company was formed and instead of retaining 24 separate corporate entities, we had one selling company controlled from Moline.

I produce balance sheet as of October 31, 1922.

(Offered in evidence as petitioner's Exhibit (S) 40.)

179 Accurate monthly figures are not obtainable in the implement business. The business has tremendous detail and variety, involving thousands of different types of machines. The result of a year's operations is not known until an inventory is taken.

I produce a statement of prices to dealers on the several kinds of harvesting machines manufactured by the Moline Plow Company 1919 to 1923, inclusive.

(Offered in evidence as petitioner's Exhibit (S) 41.)

180 Our company does not offer the same discounts as are customary in the trade. We sell for cash with sight draft against bill of lading. I believe the prices on this list are the base dealers' prices, from which we give a discount under the "Moline plan" somewhat in excess of competitive discounts. Generally speaking, we aim to maintain a spread of about 10% under the cash system as compared with the term system. That means 15% off the base of this price where the competitive discount would be 5%. 5% is generally the competitive discount, so the prices on this statement would be subject to about 15%; that varies a little in shipments from warehouse or factory. We aim to get more from shipments from warehouses to defray the expense of warehousing. The discount varies a little as between different articles. The harvester line and wagons do not carry as large discounts as tillage, for example. In general, we aim to maintain a spread of about 10%. Repair parts are priced at a discount from list quite generally.

I will have prepared and forwarded to the Examiner a statement of the exact discounts on each machine and on repairs 1919 to 1923, inclusive.

(Offered in evidence by stipulation as petitioner's Exhibit (S) 126.)

181 The principal competitors of the Moline Plow Company in the harvesting machine line are the International Harvester Company, Deere & Company, Emerson-Brantingham, B. F. Avery & Sons, and Walter A. Wood Company. The most prominent trade names of the International Harvester Company are McCormick and Deering. The Champion was not as prominent a line, but it has been a well-known machine in the trade for many years. The same is true of the Osborne line. In the eastern territory I think perhaps it was more of a factor than the Champion. The Milwaukee has not been a considerable factor for a number of years.

I do not think the competition of the Emerson-Brantingham Company on the general line has increased perceptibly since the acquisition of the Osborne line in 1918, nor do I think it has become a stronger company or a more important factor in the industry. The competition of the International Harvester Company on the general line has decreased in this way: There have been many less International dealers, so that it has left more dealers from whom to solicit business. As to whether that is due to the sale of the Osborne and Champion lines or to the provision of the decree that the International shall have only one dealer in a given community is pretty hard to answer. Generally speaking, I think it is due to the fact that they have but one dealer where they had a number of dealers before.

The Moline Company does not own iron-ore lands, coal mines, steel mills, lumber mills, or railroads. It purchases all of its raw materials except its own plow steel, which it manufactures itself. Very, very little of its raw materials are purchased from the International Harvester Co. Some malleables are purchased from them in the East, at the Poughkeepsie plant, and I think in times past they have purchased a very limited proportion of their steel requirements from the Wisconsin Steel Company. My recollection is 182 malleables have been purchased in recent years for use in connection with harvesting machines assembled at Poughkeepsie. The Moline Company quotes its harvesting machines in western territory f. o. b. Chicago, adjusting freight to the Chicago basis. This is not done in the eastern territory.

183 Mr. MURKIN. Will you describe for us what is meant by the expression, "Pittsburgh plus," which we encounter so often in connection with the sales of steel and steel products?

Mr. LEXINGTON. Defendants object as irrelevant.

My understanding of the expression "Pittsburgh plus" in connection with the sale of steel and steel products is that the base price of steel is f. o. b. Pittsburgh, regardless of the points at which it originates. Quoting prices on that basis has been a pretty general custom in the steel industry. It has not been customary for several months and does not now prevail. It has been discontinued within the last year or so; I don't know the exact date. A very highly competitive condition in the steel industry has existed.

We have made limited purchases of steel from the Wisconsin Steel Company since 1917, which, I believe, were on the basis of Pittsburgh plus. Since 1917 we have made limited purchases of steel from the International Harvester Company. Referring to Mr. Reay's testimony that the Wisconsin Steel product is billed to the harvesting machine works at market on the same basis as such works would purchase steel from outside suppliers, as I understand it, that statement had merely to do with practice in accounting. Generally speaking, the Pittsburgh plus practice handicaps the purchaser of steel as compared with the concern which manufactures its own steel in this district to the extent of the amount added for freight from Pittsburgh to Chicago. It is \$7 or \$8 a ton. The cost of steel going into the manufacture of harvesting machines in this western district would be increased by that amount, but that would not be true if the machines were made at Poughkeepsie. Assuming the Wisconsin Steel Company was able to manufacture its steel at as low a price as a competitor could manufacture its steel in the same district, the Pittsburgh plus billing would give it the advantage over 184 another western manufacturer to the extent of the difference in freight.

Mr. LEXINGTON. Defendants object as irrelevant.

In arriving at the prices on our harvesting machines we always figure our cost of production and then we aim to add our normal

profit and come as near getting that as the general competitive conditions will permit.

Cross-examination by Mr. LINDABURY:

The plant acquired from the Adriance-Platt Company was at Poughkeepsie, New York, on tidewater. The Adriance-Platt Company was engaged in the foreign trade at the time the Moline Company took it over, and that trade was continued. I can not answer accurately what percentage of the trade was foreign, but it was a very large percentage. The Moline Company took delivery of the plant about January 1, 1913. The foreign business was affected very gravely by the war that broke out in 1914. Since the collapse of Russia, and Russia was perhaps the largest outlet, it has been nothing. The Moline Company took over the domestic business of the old Adriance-Platt Company also and continued the name Adriance-Platt for some time. Its principal trade had been the Eastern States and extreme Western States. It had a relatively little trade in the Middle Western States, in the large grain-growing sections. The Moline Company attempted to develop the trade of the Poughkeepsie plant in the Middle West, and in so doing it was handicapped to the extent of the freight rate on machines from Poughkeepsie to Chicago. My recollection is that it ran from \$7 or \$8 on a machine to as high as \$12 or \$13. That had to be absorbed by the manufacturer and handicapped the trade. The Moline Company's harvester line trade was seriously affected during the continuation of the war and it has never recovered its foreign trade. The greatest difficulty with the Poughkeepsie production was this shattering of the foreign trade and the freight handicap, and they are the reasons which led to the practical suspension of that production at Poughkeepsie.

185 In 1920 the company purchased the Plano plant at Plano, Illinois, at a very advantageous price, an old harvester plant, with the idea of manufacturing harvester lines for the western territory at Plano. In the fall of 1920 the company became involved. The principal ownership of the company was in the Willys-Overland Company, an automobile concern. That was the first large company to become involved in the storm of the spring of 1920, and the Moline Plow Company became involved, of course, at the same time. The company was unable to get its affairs reorganized until after the Willys-Overland Company was reorganized, for the reason that there was a condition in the stock and bond debenture of the Willys-Overland that they should make no disposition of any of their subsidiaries, and so we lost from the fall of 1920 until the summer of 1922, when we were not in a position to go ahead with any plan. We simply had to remain in statu quo until that situation was composed; and during this time, I mean beginning with 1921, the implement industry generally has been in such a depressed condition that no one has thought of large expansion from that time on. The company has intended to continue in the manu-

facture of certain parts of what was called the harvester line. For example, it had practically concluded to manufacture mowers and rakes at its Stoughton plant at Stoughton, Wisconsin. These negotiations were halted somewhat by new negotiations looking toward the purchase of the Milwaukee line from the International Harvester Company.

Those negotiations were started the latter part of November or early in December, 1923. The proposed acquisition of the Milwaukee line was an alternative to the other proposition for this reason: We lost so much time that our manufacturing men, after making a careful survey of the situation, informed us that they would not be able to remove the equipment from Poughkeepsie to Stoughton in time to take care of the trade for 1923, and we took up
186 with the International Harvester Company the question of manufacturing certain parts of our Poughkeepsie line, to assist us in fulfilling our obligations to the trade for this year. Their position was that there was not time for them to get into an entirely new production within the period required, and they offered to sell us the Milwaukee line, in which they are in production, and in that way put us in a position to take care of that trade without the interruption which would otherwise occur.

Those negotiations have not been concluded. If concluded favorably, they contemplate the taking over of the Milwaukee line of harvesters formerly manufactured by the International and temporarily getting the completed machines from the International and ultimately manufacturing them ourselves.

Hay tools, that is mowers and rakes, are more generally sold throughout the United States than almost anything else in the implement business. We manufacture now a part of the hay tool line and we desire to continue, for the convenience of our customers, the manufacture of the balance of the hay tool line, so we may assemble complete cars and get the advantage of carload rates of freight, which is impossible with a decidedly limited line. Our trade is better satisfied if we can supply them with these harvesting machines as well as tillage tools. Agricultural implements are very heavy and bulky, and freight rates are high, and to insure economical distribution they must be shipped in carloads or the freight rates make the price so high the farmer can not afford to pay it.

We are negotiating for the acquisition of the lines only, not a plant. We have not determined where we will manufacture them.

The Poughkeepsie plant is for sale, but we have not made any contract for its sale. The contract is for sale of a portion of the equipment, such equipment as we desire to dispose of. We have the
187 right of withdrawal of any of it, so that if we do not succeed in acquiring the Milwaukee line it is still open to us to remove from Poughkeepsie such of the plant equipment there as we may need to manufacture these harvesting machines in the West. Or

we might remove any machine we choose to supplement what we might acquire of the Milwaukee line.

The difficulties of the Willys Company precipitated our financial troubles. That was an automobile manufacturing company. Its difficulties developed in the summer of 1920. The early part of 1920 was very active. During the fall of 1920 a general depression seemed to be in the sky and developed to its fullest extent I think in the early part of 1921. So far as the implement industry is concerned, it stayed there pretty well from that time on. The Willys Company were in trouble for some time. They have since been reorganized. The Willys Company owned the common stock, the voting stock, of the company; the preferred stock at that time had no voting rights, or it was a question under the Illinois law whether it had or not.

I think the depression was very much greater on the agricultural implement trade than on general industry, for the reason that the agricultural implement trade is solely dependent on the farmer for its patronage, and the price of farm products went down rapidly and the buying power of the farmer was greatly depressed and in many cases totally destroyed, so that there was no market for agricultural implements. Practically all lines of agricultural implements were affected; about all alike, I think, it was all so bad. The tractor industry suffered very greatly. Our company suffered largely through the tractor line. We are not continuing the manufacture of tractors. We are manufacturing a few, just cleaning up, but we are going out of the tractor business.

This tractor business was responsible to a large extent for our financial difficulties. During 1920, 1921, and 1922 our sales of
188 general agricultural implements fell off in large percentage.

It is my understanding that the sales of our competitors fell off in the same way. The farmer simply could not or would not buy. This condition commenced early in 1921 and developed during the year and remained almost in that condition throughout 1922. In taking the product on hand manufactured at a high cost with the product manufactured later we did not realize any profit on sales in 1921 and 1922, and I do not know anyone who was able to do so.

We started a new system of sales when we took the management of the Moline Plow Company in the fall of 1919. We put it into effect in 1920 and have pursued it ever since and are still developing it. We are entirely satisfied with the result. Our business this year (1923) has been very much better than last year and it was all done on the cash plan. 1924 looks better to us than 1923. We have goods to sell and we think we are making a good line, as good as anybody in the trade. Relatively I do not know of anybody who has any better prospect than we have now. Our market is all over the United States. Of course, we have some sections that are better for

us than others, but we are not limiting our sales. We are endeavoring to supply the needs of the purchasing public everywhere in the country. We are restricting branch houses, as the term is generally understood and as they were used in former years, and are adopting a warehouse system of distributing in more distant localities and jobbing some in the more distant territories. Our maximum discounts are given for carload shipments direct from factory to the dealer. Where we ship out of our warehouses we give less discount than where the dealer buys direct from factory. In some of the remote territories we have made arrangements with jobbers to sell our product in those territories, and we do not maintain our own organization at all.

This is a new plan we have adopted. We eliminate a great amount of freight and expense. We have not a credit man 189 in our institution. We have no collection force except that which is busy collecting on old sales. This is because of our cash system. Last year we did not even keep customers' ledgers. We would merely file the papers in connection with the sight draft until the returns were in and then file the invoice under the town, and that made the customers' ledger. It has resulted in a tremendous reduction in our expenses, and it is from those expenses that we hope to be able to maintain the differential of about 10 per cent, under what we call the Moline plan, giving the dealers the profit of the saving which we will achieve from that method, relying on the preferential discount to attract business rather than the weight of sales effort to push it. We furnish parts always, charging for them, and we charge for service wherever they ask us to send a man to help them; but if a man is able to serve himself we don't charge him with service in the sales price.

Our company is still going through the process of liquidation of certain unprofitable units; for example, the Poughkeepsie plant and the tractor business and some of those things. The company is simply financed for the lines we desire to retain. Referring to the balance sheet of the Moline Plow Company of October 31, 1922, certified by Price, Waterhouse & Co. (introduced as petitioner's Exhibit (8) 40) there is a statement at the bottom of the balance sheet reading:

"The position shown is unusual. Against book value of assets totaling \$32,259,123.16, the inventories being computed on prices at the lowest points of the recent depression and far below present markets, the company has reserves of \$10,788,716.97, or thirty-three and one-third per cent. The ratio of the net quick assets to current liabilities is nearly fourteen to one. Its fixed interest charge is less than \$875,000 per annum.

"We know of no company whose values are so conservatively taken or whose ratio of current debt to quick assets is so favorable."

I believe that was an accurate statement when it was put out last spring (1923). Since that time, however, the decision has
 190 been reached by the board of directors to liquidate the tractor business. That will reduce the assets because tractors have been sold at bargain-counter prices to clean up the business. At this date the figures are somewhat different, but the company has practically no current indebtedness and has a substantial amount of cash on hand, considerably in excess of the total current indebtedness. As to whether it is in as favorable a position to carry on a successful trade now as when the statement was put out, that is a matter of opinion. My judgment is yes.

I thought the Moline Plow Company was a customer of the Wisconsin Steel Company, as the International Harvester Company was a creditor of the Moline Plow Company at the time of its difficulties in 1920. As to whether the indebtedness arose out of the sale of some old rail steel products f. o. b. mill and not on a Pittsburgh plus basis, I do not know. I might not have been altogether accurate.

With this new financing and plan of operation I have no doubt of our ability to manufacture successfully in competition with existing competitors under present conditions or conditions which are likely to arise.

Deere & Co. are one of our larger competitors. They manufacture a full line. Some of their plants are in the same town as we are. I was once connected with that company and understood its business fairly well. What I have said with regard to our ability to compete successfully applies to the International Harvester Company as well as to Deere & Co.

There is strong competition in the manufacture of farm tractors. Ford is the leader. He went into the business, I think, about 1916, and has developed it very largely. I would say he builds more than everybody else put together; that is, he makes and sells more than 50 per cent of all tractors made and sold to-day. Some of the implement manufacturers make implements especially adapted
 191 for use with the Ford tractor. We do and the Oliver Company does. Roderick Lean have been specializing in that business. Deere & Co. makes a plow especially adapted for the Fordson tractor. Not every implement is adapted to use with the Fordson. Some are too heavy; some are too light. An implement to be used with a Fordson, generally at least, needs to be adapted with respect to size, weight, or other construction. The Fordson tractor is a small tractor of relatively limited power, and the tool which might work entirely satisfactory with a Fordson would not be heavy enough for a very much more powerful tractor; that is, in striking obstances, such as stumps, stones, etc., the impact which would stop a Fordson might not stop a larger tractor and therefore would likely break a tool. The operation of heavy implements with the Fordson would reduce the relative efficiency of the tractor;

if they were too heavy they could not pull them and accomplish the same kind of work as with a lighter tool. Fordson tractors are sold to Ford automobile dealers throughout the country. These dealers generally handle the implements advertised and designed for use in connection with the Ford tractor. Some of them do not. In that way an additional market facility is furnished for implements designed to go with the Fordson. We advertise some of our production as adapted to use with the Fordson. The Ford Company has numerous agencies or dealers. I would think both Deere & Co. and the International Harvester Co. have as many as the Ford Company. The Ford tractor is sold at very much less than it was sold when it first came out, and slightly higher than last year. The published price now is \$420 f. o. b. Detroit.

Mr. MYERS. I note the objection of continued questions about tractors which are not an item of the harvester line—a protracted examination.

Five years ago, my recollection is, it was \$600 or 192 \$700. I don't know which. Last year it was \$395. Referring to the pamphlet put out by the Moline Plow Company entitled "The Moline Untiller and Other Implements for the Fordson," the principal implements we have designed to go with the Fordson are plows, disc harrows, disc plows, listers, middle beaters, spring tooth harrows, orchard cultivators, deep-tillage cultivators, grain drills, lever harrows. Some of these we are just developing; that is we are just coming into production of this complete line of Moline untiller. That is a new line.

Redirect examination by Mr. MYERS

My statement as to the business prospects for the coming year being better referred to the seasonal goods for which this is the active season, which is very largely tillage goods. The Moline Plow Company is not now manufacturing any harvesting machines, except it may be completing a few machines.

Regarding the manufacture of repairs for the Adriance machines, we entered into a contract with certain parties to sell the equipment we desired to sell at the different plants, including the Poughkeepsie plant, and I think the contract provided that they or some of their affiliations should manufacture parts, not only for some of the Adriance machines, but some of the other machines. The Moline Company intends to purchase repair parts for old machines from these new interests and market them.

Regarding the negotiations for the Milwaukee line, I stated that we sent our production men from Stoughton down to Poughkeepsie to see about the removal of the equipment, or, indeed, for the manufacture of part of the line and that we found that we could not move it to Stoughton, get into production in time for his season's trade. We went to the International Harvester Company with a view of getting them—seeing if we could get them—to manufacture some of these parts for us; but the season is so close at hand that they could

not do it either, manufacturing the equipment, making new
193 dies, and all that sort of thing, in time for this season's trade.

But they have offered to sell us the Milwaukee line in which they are in production.

Those negotiations have proceeded to a point where the terms and conditions to apply in the event the deal is consummated are generally understood. There are some details to be worked out. I was on the Pacific coast from early in December until Christmas time, and have only gotten into that contract within the last few days, and there are some points which I wish to develop farther. (Contract was offered in evidence later as defendant's Exhibit (S) 31.)

Recross-examination by Mr. LINDABURY:

We would not enter upon the manufacture of harvesting lines unless we thought we could sell them. We think there is a prospect of successful competition in that line as well as the others with existing competition. The prospect of trade at this time I refer to is of goods ordinarily pushed at this season—tillage goods. The harvester trade does not come until next summer. We can not tell what may develop by that time.

Redirect examination by Mr. MYERS:

I believe the International Harvester Co. makes and sells more harvesting machines than all of its competitors combined. I said I thought this was true of the tractors the Ford Company build. That is my opinion. The statement read from, by Mr. Lindabury, was put out as propaganda for the Moline plan; it was sales propaganda.

Recross-examination by Mr. LINDABURY:

The statement was not intended to deceive or mislead.

The International does not lead in the manufacture and sale of all agricultural implement lines they handle. I think in the general line of tillage implements Deere & Co. lead. Both companies make harvesting lines and tillage lines, one leading in one and the other in the other.

194 I will have prepared and forwarded to the examiner a statement of purchases of steel and other supplies from the International Harvester Company since 1921, showing payments made, shipping points, delivery points, whether or not on the Pittsburgh plus plan.

(Offered in evidence as a part of petitioner's Exhibit (S) 126, above.)

195 WILLIAM D. GRAVES, being duly sworn, testified as follows (Jan. 7, 1924):

Direct examination by Mr. MYERS:

I am president of the Ohio Rake Company, Dayton, Ohio, which was organized in 1884. That company manufactures hay rakes, hay

tedders, hay loaders, potato harvesters and sled corn harvesters, side-delivery rakes, a few dump rakes, and tillage implements.

I will prepare and forward to the examiner a statement of the number of each kind of machine sold for the years 1919 to 1923, inclusive.

(Offered in evidence by stipulation as petitioner's Exhibit (S) 128.)

We do not have any branch houses. Everything is from the home office, Dayton, Ohio. We market our machines directly through the retailer in Ohio, Indiana, Michigan, and Pennsylvania.

(Offered in evidence a statement of sales proceeds and retail dealers of the Hay Rake Company as petitioner's Exhibit (S) 43.)

(Offered in evidence a list of jobbers handling harvester machines of the Ohio Rake Company as petitioner's Exhibit (S) 44.)

I produce a consolidated balance sheet for the last year available.

(Offered in evidence as petitioner's Exhibit (S) 45.)

I produce a statement of prices to dealers.

(Offered in evidence as petitioner's Exhibit (S) 46.)

196 The Ohio Rake Company also manufactures disk harrows, spring-tooth harrows, corn planters, transplanters, disc harrows having been the most important up to the present. Our harvesting machines are sold under the trade names of Ohio loader, Hayes-Dayton loader, Giant side delivery, Sure Drop corn planter, Tiger tobacco planter.

Both our harvesting machines and other implements are manufactured in a plant at Dayton, Ohio, which we acquired thirty years ago.

Our machines are marketed in Ohio, Indiana, Michigan, and Wisconsin.

Our principal competitors are John Deere, International, Emerson-Brantingham, and Massey Harris. I do not know whether I have named them in the order of their importance. I am not familiar with the exact competition, but from hearsay from my secretary.

The Ohio Rake Company owns no raw materials. During the last few years we have bought steel from the Midvale Company, Polak Steel Company, of Cincinnati, and the Lackawanna. Steel is quoted Pittsburgh freight. We quote f. o. b. Dayton to all jobbers and most dealers. In Pennsylvania we give Harrisburg and Indianapolis freight.

197 We arrive at our prices by figuring cost and adding a certain percentage of profit, taking into account competitive conditions. If our prices are too high, our traveling men will notify us. We have to follow the International Harvester Company prices in order to get any business at all.

We have been losing money in the last three years, principally on disk harrows. Our loss was much greater on the tillage line than on the harvester line.

(No cross-examination.)

198 WALLACE S. THOMAS, being duly sworn, testified as follows
(Jan. 7, 1924):

Direct examination by Mr. MYERS:

I live in Springfield, Ohio. I am vice president and treasurer of the Thomas Manufacturing Company, which is engaged in making harvesting machines. We manufacture mowing machines, sulky rakes, and tedders. We have manufactured mowing machines since 1905, sulky rakes for 45 years, and tedders for about 40 years. We market our machines through retail dealers and jobbers. Formerly we marketed quite a substantial percentage through Avery & Co., but we no longer do so on account of their purchase of the Champion line from the International Harvester Company.

It is my understanding that the definition of harvesting implement refers to those only which I have stated. We also make hay loaders and side delivery rakes.

I produce statement showing domestic sales of each kind of harvester machine made by our company for the years 1919 to 1923, inclusive.

I produce statement showing number and location of branch houses maintained by the Thomas Manufacturing Company for the distribution of machines, 1919 to 1923, inclusive.

I produce a statement showing number and location of the retail implement dealers or agents handling the harvesting implements of the Thomas Company for the same years.

(Offered in evidence these three statements as petitioner's Exhibit (S) 47.)

199 I produce a consolidated balance sheet for the last year available.

(Offered in evidence as petitioner's Exhibit (S) 48.)

(Offered in evidence as petitioner's Exhibit (S) 49 price lists for the years 1919, 1920, 1921, 1922, and 1923, with the stipulation that they are offered with special reference to the prices of mowers, hay rakes, and tedders appearing on pages 3 and 4 of each list.)

200 Our company employs four salesmen in Ohio. I have never attempted to approximate the number of International Harvester salesmen in that State. The Thomas Company buys all of its raw materials. It buys steel at the present time principally from the Bethlehem Steel Company and the Pollak Steel Company. It buys malleables from the Springfield Malleable Iron Company, of Springfield, Ohio. It has never purchased malleables from the International Harvester Company. It markets its harvester machines principally east of the Mississippi River, south, and on the Pacific coast.

Cross-examination by Mr. ELLIOTT:

We think the last three years have been very abnormal. I would consider the years 1919 and 1920 more nearly normal than the last three years. The Thomas Manufacturing Company is not conten-

plating going out of business nor discontinuing any of the lines which appear in these books.

Redirect examination by Mr. MYERS:

I did make a statement to a representative of the Department of Justice that if conditions remain the same I would have to go out of the harvester machine business.

Recross examination by Mr. ELLIOTT:

By conditions remaining the same, I mean conditions as they were in 1921, 1922, and 1923.

201 FRANK SULLOWAY, being duly sworn, testified as follows (Jan. 7, 1924):

Direct examination by Mr. MYERS:

My residence is Moline, Illinois. I am vice president and sales manager of Deere & Company. The original company was the John Deere Plow Works, established in 1837. The present company was incorporated in 1911. Deere & Company is a holding company and it is the administrative company of the John Deere institution. Deere & Company first engaged in the production of harvesting machines in 1912, a newcomer in the field. Prior to 1911 it bought a few mowers from Dain Company. Deere & Company later acquired Dain Company. We manufacture grain and rice binders, mowers, rakes, sulky rakes, side-delivery rakes, and corn binders.

I produce a statement of the domestic sales of harvesting machines of Deere & Company for the years 1918 to 1923, inclusive. Also I produce statement showing number and location of branch houses maintained by the company for the distribution of its harvesting machines for the years stated.

(Offered in evidence as petitioner's Exhibit (S) 50.)

202 I will have prepared and forwarded to the examiner a statement showing the total number of dealers handling the harvester machines of Deere & Company during the 1923 season divided by branch-house territory. (Said statement was later introduced in evidence, by stipulation, as petitioner's Exhibit (S) 127.)

203 We consider we have ten thousand dealers. We have more than that of people who bought some goods of us, but whom we do not consider regular dealers. About 75% of this number regularly handle the Deere Company harvester machines. The principal products of Deere & Company are plows and cultivators, drag harrows, corn planters, disc harrows, listers, and lister cultivators. I think that is the order of their importance. That is not all the lines. We have plenty more lines. In dollars and cents I would say that harvesting machines constitute about 15% of our total agricultural implement business.

Our harvesting machine plant is located at East Moline, Illinois. Deere & Company own some timberlands down South, hardwood timber for wagon manufacture primarily and for other hardwood parts. Practically none of the timber is used in the manufacture of harvesting machines. We buy all our steel from Wisconsin Steel Company, United States Steel Corporation, Inland Steel, Jones & Laughlin, and Crucible Steel. Our steel is very largely quoted f. o. b. mills, contrary to the usual practice of quoting f. o. b. Pittsburgh. I have noticed that change in that buying steel f. o. b. Chicago has been off and on for a year or so. I do not think that the price at which the Wisconsin Steel Company charges steel to the International Harvester Company makes any particular difference.

204 Mr. MYERS: Taking at its full value Mr. Reay's statement that the International Harvester Company purchased steel for use in the manufacture of harvesting machines from its steel works in South Chicago identically as it would purchase steel from outside suppliers—that is, that its steel works were treated as a separate unit and that the profit-producing activities of the harvester works and the steel works were entirely separated—would the International Harvester Company enjoy something of an advantage in the matter of cost of producing harvester machines?

If the Wisconsin Steel Company charges the International Harvester Company the regular price of steel, the only advantage to the International Harvester Company would be that at the end of the year they take their steel profit and put it with their implement profit, providing the steel profit is greater than the implement profit.

205 The profits realized by Deere & Company on the harvesting machines lines are not so great as the profits on other lines. There is a whole lot of difference.

We arrive at selling prices by taking our cost and the margin of profit and getting as near that as competition will permit. Practically all the time and in practically all lines we get a little more than the International Harvester Company. For a six or seven foot binder, we get \$2.00 more; for an eight-foot binder, \$2.50 more; for our mower, 50¢ to a dollar more, according to the various sizes.

I produce consolidated balance sheet of Deere & Company as of October 31, 1922.

(Offered in evidence as petitioner's Exhibit (S) 51.)

I produce summary of consolidated income and profit and loss for the year ended October 31, 1922.

(Offered in evidence as petitioner's Exhibit (S) 52.)

206 Cross examination by Mr. SEYFRANCE:

The following statements taken from the annual report of Deere & Company, signed by Mr. Butterworth, then president, are correct:

"Sales during the past year were about, though slightly less than, those of the preceding year, and were approximately forty per cent of a normal year's volume. Even though expenses were greatly

reduced, the loss for the year approximated that of 1921. This loss was caused largely by the liquidation of inventories, which were reduced \$8,431,895.04, and the consequent restriction of factory operations, which, during the year, were about thirty-five per cent of capacity. The period of liquidation has practically passed, however, and factories are now operating at about sixty-six and two-thirds per cent of capacity.

"The past two years have been exceedingly trying for the implement industry. In 1922, as in 1921, farmers bought only to supply their most urgent needs; in fact, with the exception of 1920, the American farmers have not purchased their normal requirements of farm implements since pre-war days. The bottom was apparently reached in the spring of 1922. Since that time improved prices of farm products have enabled the farmer to come into the market for agricultural implements, and there has been a slow, but steady, increase in the purchase of farm supplies, resulting in the increased factory operations already referred to."

The fact that the farmers went out of the market applies to the whole agricultural-implement industry and was caused primarily by the slump in farm products, which was out of proportion to the diminution of prices in other lines. This applies especially

207 to grain farmers.

The John Deere plow was first manufactured in 1837 and has been on the market constantly since and is marketed throughout the world. We consider it the leading plow in the world, and I think it is considered so generally. I believe we have the largest production of plows in the world. Our plow has always sold at a good price and has been very profitable except during the years 1921 and 1922. The profit on harvesting machines was greater than the profit on tractors. The profit on manure spreaders was greater than the profit on harvesting machines. We manufacture tractors and gasoline engines at Waterloo, Iowa; steel plows, cultivators, drag harrows, listers, lister cultivators, at the John Deere Plow Works, Moline, Illinois; at the Deere & Mansure Works, Moline, corn and cotton planters and disk harrows; at the Van Brunt Manufacturing Company, Horicon, Wisconsin, seeding machinery; at Waterloo, Ia., gasoline engines and tractors; at the John Deere Harvester Works, East Moline, Illinois, grain and rice binders, corn binders, mowers, and sulky rakes; at the Marseilles Manufacturing Company, East Moline, Illinois, manure spreaders and corn shellers; at the Syracuse Chilled Plow Company, Syracuse, New York, chilled plows and garden cultivators; at the Fort Smith Wagon

208 Works, Fort Smith, Arkansas, wagons; at the John Deere Wagon Works, Moline, Illinois, wagons; at the John Deere Manufacturing Company, Welland, Ontario, drills for Canadian trade; at the Union Malleable Iron Company, East Moline, Illinois, malleable iron.

Normally we make all our own malleables.

Prior to 1918 a good many of the agents who sold plows and other products made by the John Deere Company were selling harvesters made by the International Harvester Company. After the decree by which the Harvester Company was prevented from having more than one dealer in a town, a great many dealers who had formerly sold Deere plows and McCormick or Deering harvesters and to whom we had been unable to sell our harvester line took on the John Deere harvester line. When we went into the harvester line, we built a plant at East Moline in 1912 to manufacture harvesters, which has been operated ever since. Up to that time we had been selling a few side-delivery rakes now considered in the harvester line. We also sold some Dain mowers made by the Dain Manufacturing Company. A few years prior to that we bought sulky rakes in small quantities and hay tedders from the Ohio Rake Company. We did not consider ourselves in the harvester line.

20 The dealers to whom we previously sold plows and other agricultural implements to a considerable extent did not take on our harvesting lines very easily. There were many dealers, when you figured the whole United States, who took our harvester line right from the start and gave us some business, but our progress in the harvester line was very slow and gradual and prior to 1918 very difficult. Since then it became a little easier. I would not say easy.

We have met with no unfair competition from the International Harvester Company.

210 If the International Harvester Company manufactures steel, it has an investment in a steel plant, and business is carried on subject to the usual hazards of the steel industry, with some good years and some bad in which the plant may be operated at a loss.

I spoke of basing freight on Chicago, as distinguished from Pittsburgh, about a year ago. As I remember, we had some mill-base quotations where we bought our steel at a mill base as far back as two years ago. But it seems to me that there was a reaction and an intermediate period when they went back to Pittsburgh and then came back again. I am not sure about that. I don't know.

In buying our steel even on a Chicago basis it has to be transported to our plant in Moline. The Harvester Works in Chicago being on the Chicago basis, we have a little better price because we have to pay freight. We have an advantage over a factory located in Chicago in the great consuming territory for agricultural implements west of the Mississippi River to the extent that the freight on raw materials, which moves at a commodity rate, is less than on finished products. Implements move at class and on implement commodity rates.

In figuring our costs we figure a profit to our malleable plant; we figure our malleables into our costs at the same price we would have to pay for malleables if we purchased outside.

Our contracts with dealers usually specify the line they buy from us. We have listed in the contract blanks our complete line of implements, sizes, and styles, and the contracts set out that we give the dealer the agency for such classes of implements as he buys from us. He is not really an "agent," but a representative, in that town. He buys the stuff and is a dealer. If he agrees to buy plows and manure spreaders, he is privileged to buy any of our other implements. If a farmer wants to buy the harvester, or any other implements not sold under the original contract, we will fill the order and very often do. Everyone of our ten thousand dealers is a potential dealer in our harvester. We are ready to fill his order if he sends it in. If we have a dealer in town and he handles the International Harvester Company harvester line and the International Harvester disc harrows and the International Harvester wagons, the chances are that he will not order a wagon from us. But if he did, we might fill it and we might not. He might be buying to stool-pigeon it and we would want to look into the case. We have many dealers in common with the International Harvester Company. There are many towns which are one-dealer towns, particularly in Illinois. We sell that dealer part of his line and the Harvester Company sells the other part, and each sells as large a part as he can. We put the International out if we can.

MR. LINDSLEY. Do you put them out as often as they put you out?

MR. SULLOWAY. We hear about the cases where they put us out more than we do of the cases that we put them out, so it sounds much more that they put us out.

Redirect examination by MR. MYERS.

Deere & Company does not control any retail stores.

MR. MYERS. Will you explain what you mean by "stool-pigeoning" a harvesting machine?

If a dealer handles other plows, cultivators, and corn binders, but handles the International binder line and then would order a binder from us, we would not just go ahead and ship it to him without looking into the matter a little bit further. Possibly we would look into it for two reasons. One reason is that there may be an opportunity to sell the dealer more than one binder; perhaps he is sure of the International, or perhaps he wants to switch his line.

212 So we go there and see if we can sell him more. When we get there that condition may not prevail, and if it does not prevail then the opposite is probably true, and that is that he is may be just buying one of our binders to put on his floor to say that he has the John Deere agency but is going ahead to sell the International Harvester line, so that the chances are that we would not want that order. That is what we call "stool-pigeoning."

MR. MYERS. Is that term ever used in the industry in this sense, namely, that the dealer would want to obtain a machine for the purpose of ridiculing it and pointing out its defects rather than its

virtues and making a stool pigeon of it in the same sense that it is used in criminology?

Mr. SILLGOWAY. To some extent that is true, but in general only in this way. A dealer may buy a machine not to ridicule it, but buy it from the standpoint of saying to the farmer: "Well, if that is the kind of a machine you want I have it right here and I will give it to you, but I would prefer to sell you this other one because it will give you better satisfaction." So I do not say that he would ridicule or depreciate it particularly, but I will say that he will say, "If you want it I have got it, but you better want this other one." And that is what we mean by stool-pigeoning. We do not encounter it so very often.

213 The manufacturer of harvesting machines having a steel plant enjoys the advantage of steel at the cost of production rather than at cost of production plus profit, which is the price which a harvester company without such facilities would have to pay. Between steel and malleables steel is the more important in the production of harvesting machines. If the Harvester Company allows for steel from its mill in Chicago, used in the manufacturing of harvesting machines, in the same way as if the steel were purchased on the outside, and assuming the Pittsburgh-plus method to obtain, the International Harvester Company would enjoy an advantage in addition to that of merely obtaining steel at cost. If the Pittsburgh-plus plan prevailed, by which is meant selling of steel at a mill f. o. b. Pittsburgh irrespective of where the mill is, they would have as profit whatever the freight rate is from Pittsburgh to the mill; and if the steel was transported for a few miles across the city of Chicago it would be freight from Pittsburgh to Chicago less that rate.

(Offered in evidence as petitioner's Exhibit (S) 53.)

Statement of prices to dealers by Deere & Company.

The prices in petitioner's Exhibit 53 were made up from the records of the company and are accurate and show company prices to dealers f. o. b. Moline on grain binders, rice binders, mowers, and sulky rakes. It shows Deere & Company prices on side rakes delivered to dealers in carload lots, within a 37¢ freight zone of Moline.

RE CROSS EXAMINATION BY MR. SEVERANCE:

Covering all our lines, our sales in dollars and cents for 1923 are approximately 40% more than in 1922. The market at the present time looks better for 1924.

214 Mr. MYERS. It is stipulated that in lieu of the request contained in the subpoena and later modified in testimony, in reference to a statement of all the implement dealers handling harvesting machines of Deere & Company for the years 1919 to 1923 inclusive, the witness may produce the statement of the number and

location of the present dealers by branch-house territory handling harvesting machines of Deere & Company.

(Offered in evidence by stipulation as petitioner's Exhibit (S) 127.)

215 CLIFTON W. FRAZIER, being duly sworn, testified as follows (Jan. 8, 1924):

Direct examination by Mr. MYERS:

My home is Peoria, Illinois. I am trust officer of the Dime Savings and Trust Company, an Illinois corporation appointed as receiver for the Acme Harvesting Machine Company, September, 1923. The receivership existed for probably six weeks when the Trust Company was appointed trustee in bankruptcy by order of the Federal court. We are now awaiting orders to sell the business and liquidate the assets.

I produce a statement showing the domestic sales in each line of harvesting machines sold by the Acme Company for the years 1919 to 1923, inclusive.

(Offered in evidence as petitioner's Exhibit (S) 54.)

I produce a statement of the number and location of branch houses maintained by said company for the distribution of its harvesting machines during the same years.

(Offered in evidence as petitioner's Exhibit (S) 55.)

I produce a statement of the number and location of implement dealers or agencies handling harvesting implements of the Acme Company for the same years. This statement was taken from our ledgers.

(Offered in evidence as petitioner's Exhibit (S) 56.)

I produce a statement giving the prices to dealers of the several harvesting machines manufactured by the company during the same years, as taken from our books.

Of course, in explanation of that I should say that after the dealers found out that the Acme Company was not manufacturing the full lines, then they began to drop the line.

(Offered in evidence as petitioner's Exhibit (S) 57.)

216 This statement gives the same price for all of the years stated because our prices did not vary during that time.

I produce a consolidated balance sheet of the company as of December 31, 1922, the last year available.

(Offered in evidence as petitioner's Exhibit (S) 58.)

The Acme Company has not done any manufacturing for about two years. We hope to have an order of court to sell the business either in its entirety or divided into its component parts and liquidate.

Cross examination by Mr. LINDABURY:

The prices to dealers shown in petitioner's Exhibit (S) 57 are net. The company maintained the same prices for these products in 1921 and 1922 that it had in 1920, and these sales were made throughout

all the territory in which the Acme had dealers and branch houses.

217 DUANE H. NASH, being duly sworn, testified as follows (Jan. 8, 1924):

Direct examination by Mr. MYERS:

My connection with the agricultural implement industry began in 1905. From 1905 to 1920 I was connected with the Duane H. Nash, Incorporated, a corporation manufacturing tillage tools at Millington, New Jersey. That company was consolidated with Bateman and Companies, Incorporated, in 1920. Immediately after that I became Florida State manager for the Bateman Company. A year later I became southern sales manager, and on July 1, 1922, general sales manager. Bateman and Companies was organized along in May or June, 1920, and was a consolidation of the Bateman Manufacturing Company, of Grenloch, New Jersey; the McWhorter Manufacturing Company of Riverton, New Jersey; the Cutaway Harrow Company of Higganum, Connecticut; Richardson Manufacturing Company of Worcester, Massachusetts; and Belcher-Taylor Agricultural Tool Company, of Chicopee Falls, Massachusetts; and, by stock ownership through the Bateman Manufacturing Company, the Bateman-Wilkinson Company, of Toronto, Ontario.

The Bateman Manufacturing Company manufactured various cultivators, garden tools, spray machinery, potato and cotton planters, corn planters, potato diggers, cotton dusters, and hayrakes. The McWhorter Manufacturing Company manufactured potato planters and fertilizer distributors. The Nash Company manufactured pulverizing harrows. The Cutaway Harrow Company manufactured disc harrows, smoothing harrows, and a few five-tooth cultivators. The Richardson Company manufactured mowers, hayrakes, fertilizer distributors, and saw rakes. The Belcher-Taylor Company manufactured various kinds of harrows, five-tooth cultivators, ensilage cutters, fodder cutters, tobacco pressers, and hayrakes.

The purpose of the consolidation was to build up a line of representative agricultural implements and to decrease the cost of doing business.

218 Bateman and Companies has gone out of existence and is being wound up by the receiver. The plants at Worcester and Chicopee Falls have been closed and the machinery sold. The plant at Millington was sold two years ago, the plants at Riverton and Higganum were sold last year, and the plant at Grenloch will be sold shortly and its machinery has all been sold and distributed. None of these plants are now devoted to the manufacture of harvesting implements.

The receivership began in March, 1923, and still continues. The property is being liquidated and the estate closed as fast as possible. The receivers were appointed by the chancellor's court, the State court of Delaware. Bateman and Companies was a Delaware corporation.

I produce a statement of the manufacturing record of the sales of harvesting machines by these plants. The Richardson Manufacturing Company during the fiscal year ending September 30, 1922, shipped 376 horse-drawn mowers, 458 horse-drawn rakes, and from September 30, 1922, to July 1, 1923, shipped 15 mowers and 190 rakes. There were no horse-drawn rakes manufactured by the Belcher-Taylor or Bateman Manufacturing Companies during these periods.

Bateman and Company did not maintain regular branch houses. For advertising purposes, we maintained warehouse stocks throughout the country, and for the advertising effect, frequently designated them as branch houses. Such a warehouse would have only one man in it. The only exception would be the Worcester factory, where, because of the necessity of having clerical force, we perhaps came closer to what would be considered a real branch house than in any other place. I produce a statement of such branch houses.

(Offered in evidence as petitioner's Exhibit (S) 59.)

219 A very small percentage of the business of the Bateman Companies, Incorporated, was in the harvesting line.

I produce a balance sheet as of February 28, 1923.

(Offered in evidence as petitioner's Exhibit (S) 60.)

(Offered in evidence "Dealers' net price contract" with "Bateman and Companies, Inc.," farm implements, number 1, dated June, 1920, with special reference to the prices of mowers, rakes, and tedders, on pages 35 and 36 thereof, together with a statement of terms of sale for those implements on page 4, and "Dealers' net price list f. o. b. factories, Bateman and Companies, Inc., No. 5," August 1, 1922, with special reference to the prices of rakes and tedders on page 33, together with a statement of terms of sale of those implements on page A, as petitioner's Exhibits (S) 61 and (S) 62.)

220 The harvesting machines manufactured by Bateman and Companies, Incorporated, were sold in New England, New York, Pennsylvania, and New Jersey. Bateman and Companies own no sources of raw materials, such as coal mines, iron mines, steel mills, etc.

Cross examination by Mr. ELLIOTT

I could not state definitely when the consolidation took place, but I believe it occurred in May, 1920. I recall that in the fall of 1920 there was a general business slump in the country which hit the farmer harder than almost anyone else and affected the implement industry more than most industries. As a result of that slump an advisory creditors' committee took over the direction of the company. I went North to the head office in July, 1922, where I became familiar with the condition of the country generally. I knew that there were very serious financial difficulties. I know that a letter was sent out by an advisory committee of the creditors, although I have never seen one.

Mr. MYERS. Petitioner does not object to the identification of the letter. The petitioner objects to it as a prediction of what might happen, under certain circumstances, and as not being evidence on that point.

221 Mr. ELLIOTT. I will ask to have this identified as defendant's Exhibit (S) 3 for identification, but not offered at this time.

A letter dated March 12, 1921, sent out by Carlton Bunce, William D. Lusy, and W. S. Maddox, as a creditors' committee, contains the following statement which I think was an accurate statement of conditions at that time:

"The financial difficulties of the company were brought about—

"1st. By their inability to consummate certain plans for additional working capital in the spring of last year following the consolidation with certain other implement manufacturers.

"2nd. By a comparatively heavy and somewhat unbalanced inventory consisting principally of steel and iron of various sizes and shapes.

"3rd. By the necessity for reducing their loans negotiated through note broker.

"It appeared to the committee that the company had a good, staple business, with a well-established trade name for the various lines of implements manufactured, but if the business was not carried on there would be a very large shrinkage in the value of the assets, particularly inventory."

Fred H. Bateman originated the idea of the consolidation. As I recall, there was no plan to discontinue the harvester line of machines as of the date of this letter, March 12, 1921, and if the manufacture of that line has been discontinued since, it is because of the same difficulties and major causes which have led to the discontinuation of most of the other lines. I am testifying of my own knowledge.

I was with the Nash Company, but am not familiar with the prior history of the other companies, and can not state of my own knowledge the reasons which actuated those concerns to come into this

consolidation. I can say that the consolidation has not turned 222 out as was hoped or expected. As a result of the prolongation of bad conditions in the industry, down to 1922, the financing

plans of the company were never carried out and it ended in a receivership. The Nash Company would have been better off if it had never entered the consolidation. I think that the disappearance of various of those companies from the trade has been due to the consolidation at an inopportune time, just on the brink of a calamity hitting the agricultural implement business.

Cross-examination by Mr. LINDABERY.

My business was prosperous before we went into the consolidation and I have bought it back from the receivers and intend to reestablish it and carry on, but not in the old neighborhood. My

office will be in Philadelphia and the factory in New York State. The business was established by my father, who died in 1905, and I carried it on thereafter. So far as my knowledge went, concerns that went into the consolidation were prosperous before that.

Mr. MYERS. The witness said he cannot testify.

It was the understanding that we were going to put together live and prosperous concerns. The scheme of consolidation was rather ambitious and required very considerable financing. My understanding is that the scheme failed because of the sudden turn in finance and business affairs.

Redirect examination by Mr. MYERS:

I did not testify that I bought back my plant. I testified that I bought back my old line of implements, by which I meant I bought the patents, good will, and trade-mark. The harvesting machines were not included in my old line, only tillage tools.

223 HARLAN G. NEWCOMER, being duly sworn, testified as follows (Jan. 8, 1924):

Direct examination by Mr. MYERS:

I live in Utica, New York, and am president of the Eureka Mower Company. The Eureka Mower Company was established in 1867. There was a reorganization in 1905 when the present company was organized. At the present time the Eureka Company manufactures potato machinery, corn planters, fertilizer distributors, and spring-tooth harrows. At one time we manufactured harvesting machines, but discontinued this in 1919. We manufactured only the mower under the name of Eureka. I have a statement showing the sale in 1919 of sixteen mowers and no sales in the years 1920-22, inclusive.

Our mowers were marketed through retail dealers. We had no branch houses.

In the year 1919 the Eureka Mower Company, of Utica, New York, had seven retail implement dealers handling Eureka mowers. These dealers were located at Fredonia, New York; Morrisville, New York; New York City; Pemberton, New Jersey; Yakima, Washington; Circleville, West Virginia; and Pittsburgh, Pennsylvania.

Prices to retail implement dealers of the several sizes of Eureka mowers sold by the Eureka Mower Company, of Utica, New

224 York, during the year 1919 were as follows:

3-foot Eureka mower,	\$63.75 each
5 " " "	\$68.00 "
6 " " "	\$71.00 "

We sold only these three sizes that year, and the prices were f. o. b. Utica.

Our company owns no sources of raw materials.

In the order of their importance, our principal competitors in the mowing machine line were the

International Harvester Company.

Deere & Company.

Walter A. Wood Mowing & Reaping Machine Co.

Massey-Harris Harvester Company.

Moline Plow Company.

Emerson-Brantingham Company.

B. F. Avery Co.

We never came into contact with the Acme Company. The competition of the Emerson-Brantingham Company increased perceptibly in our territory after it acquired the Osborne line of implements. It opened more branches and had a more intensive sales organization in the eastern territory. We have encountered in competition the Osborne machine since it has been manufactured by that company.

Cross-examination by Mr. LINDBURY:

We gave up the manufacture of the Eureka mower in 1919, not because of any unfair competition on the part of any of
225 these competitors. It had not been profitable and for a number of years we had been growing into the other classes of farm equipment. Our mower was a special type of machine which the present generation never has used to any extent. It costs more to manufacture than the type now used largely, and it would require a larger sales organization to revive the business the old company had. For the last fifteen years prior to 1919 the mower had not been a factor in our business. We specialize in potato machinery.

WILLIAM R. MILLER, being duly sworn, testified as follows (Jan. 8, 1924):

Direct examination by Mr. MYERS:

I live in Akron, Ohio, and was formerly secretary of the Sieberling & Miller Company of Doylestown, Ohio. That company has not manufactured harvesting machines for a number of years, but a formerly manufactured mowers, binders, reapers, and single-wheel reapers. The harvester line was discontinued in 1917. The corporation was dissolved and its property is now owned by the Sieberling and Miller families. They still have some of the old machines on hand, and I believe three or four mowers were sold
locally last year. We are doing no manufacturing whatever.
226 The company was incorporated about 1900 and dissolved January 1, 1917. The stockholders were all members of the Sieberling and Miller families.

The harvesting machines were manufactured and sold under the trade name "Empire" and were well known in the trade at one time.

Back in 1861, before the incorporation of the company, the partners owned a coal mine and the coal used by the corporation came from that mine.

Cross-examination by Mr. REMY:

In 1913 the control of the company was in Mr. Sieberling and in my father, Mr. Samuel Miller. Mr. Sieberling died in 1916 and my

father in 1922. My father was in his eighty-fourth year when he died, and Mr. Sieberling in his eighty-second, when he died, I believe. Mr. Sieberling was engaged in business at Jonesboro, Indiana, and devoted very little time to the business of the Sieberling-Miller Company. I was familiar with the affairs of the company until 1909. Since then I have been in the rubber business and was not actively engaged in the affairs of the company until after the death of my father, when I was made administrator and took over all of his affairs in 1922.

The reason the Sieberling-Miller Company was dissolved was because the stockholders came to be only members of the Sieberling-

Miller families. My father and Mr. Sieberling's sons conceived the idea that the proper thing for them to do was to get the assets back in the name of Sieberling and Miller as originally held. I held one-half and the Sieberling heirs the other half of all the assets. They put all the property back in the name of Sieberling & Miller, real estate and everything, and my father continued to look after all the property belonging to the two families acquired from their entrance into the agricultural implement business.

Mr. LINDABURY. Apparently the sons of these two gentlemen did not care to carry on the business themselves.

Mr. MILLER. They were engaged in the insulating wire business in Jonesboro, Indiana. They did not care to have anything to do actively in the conduct of the business.

228 HARRING ALLEN, being duly sworn, testified as follows:

Direct examination by Mr. MYERS:

I live in Barre, Massachusetts. I have been proprietor of the Chas. G. Allen Company, Barre, Massachusetts, about 30 years. It is not a corporation, but is a concern organized by my father fifty years ago. The principal business of the company is the manufacture of machine tools, principally drilling machines. Next in importance is the foundry business, because outside of our own work we have one or two large customers in Worcester for whom we manufacture castings. In addition to these two lines of business we manufacture agricultural implements, which consists of the manufacture of the Yankee horse rake, a business started by my father in 1873. This last season completes fifty years of practically continuous business in the sale of the Yankee rake. When I took over the business in 1896 the manufacture of rakes was our only business, but our other business developed to such an extent that it has been my desire to discontinue the manufacture of farm implements. Unfortunately, we have a great many customers throughout New England and Eastern New York State who practically insist on having our old Yankee rakes which they had used for fifty years. We were so busy in 1921 that we decided to discontinue the manufacture of rakes because it required all the room we had and all our attention to keep up with our other lines.

I produce statement showing domestic sales of rakes for the years 1919-1923, inclusive.

(Offered in evidence as Petitioner's Exhibit (S) 63.)

229 We are making a thousand for this year, which are practically all sold. There is no distinction between the number manufactured and the number sold. We sell every one we make.

We maintain no branch houses but have jobbers and dealers.

The number of dealers to whom we sold Yankee rakes in New England and eastern New York State was in 1919, 65; 1920, 33; 1922, 86; 1923, 69; total, 131. This number includes the jobbing houses. Although we made no rakes in 1921, we received so many letters and telegrams inquiring when we were going to have rakes ready to ship that the following year we started again. In this last year approximately 15% of our business was in hayrakes.

I produce balance sheet for the last year available.

(Offered in evidence as Petitioner's Exhibit (S) 64, with a stipulation that this balance sheet shall be kept in camera.)

230 Our business is a machine-tool business and the parties for whom I make castings are machine-tool manufacturers. The machine-tool business is one which fluctuates greatly, say from twenty thousand dollars one year to one million dollars the next. The rake business is about constant year after year, so that it does not make a very fair comparison, but, year in and year out, I should say that the rake business was between ten and fifteen per cent of the total business.

Cross-examination by Mr. Remy:

We sold repairs for rakes in 1921 to the same dealers who had been handling our rakes, in many cases for fifty years.

Since the Harvester Company was organized in 1902 we have been in constant competition with them, excepting in 1921, and have found that competition absolutely fair. Our decision not to manufacture rakes in 1921 was not based on any unfair competitive methods of the International Harvester Company, nor upon our inability to compete with that company. I know of no reason why a small manufacturer of rakes of good quality in my locality cannot compete successfully with the International Harvester Company.

The farmers were accustomed to our rakes and naturally preferred them. Many of our dealers had no rakes to sell except ours, and wished to continue. It is easier to sell an old-fashioned tool than to start with a new one, and the probabilities are that all the others which were more desirable were controlled by other agencies.

Mr. LINDBARTY. You did not tell us the kind of hayrake you make. I am interested to know. I mean the type or style.

Mr. ALLEN. Well, it is known as a sulky hayrake—a horse rake—and the rake differs from any of our competitors' rakes in the fact that it is what is known as a wood rake, having wood wheels, wood axle, etc.

231 The fact that we do not own a large timber tract has interfered with our ability to build rakes, because it is becoming more difficult to get suitable lumber. We are paying to-day over \$4.00 for a quantity of timber that we bought forty years ago for less than \$1.00, and the quality is not as good.

Redirect examination by Mr. MYERS:

We have no steel mills.

Mr. LINDABURY. Do you use any steel in your rakes?

A. Yes.

Mr. LINDABURY. Not enough I suppose to justify the ownership of a steel mill or an iron mine?

A. Not of a very large one.

(Offered in evidence as petitioner's Exhibit (S) 63, a statement of prices to smaller jobbers and retail dealers.)

232 JAMES W. ALLEN, being duly sworn, testified as follows (Jan. 9, 1924):

Direct examination by Mr. MYERS:

I am a special bank accountant for the United States Government in the Department of Justice. My legal residence is Nashville, Tennessee.

I have heard the testimony of Mr. Reay. I have computed a statement based on the exhibits put in evidence and in accordance with the testimony of Mr. Reay, showing the sales price, cost price, and profits per ton, per cent of profits to cost and per cent of profits to sales of finished products, for the years 1916, 1918, 1920, and 1922, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 74.)

I have prepared a similar statement with reference to pig iron, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 75.)

I have prepared a similar statement with respect to iron ore, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 76.)

I have prepared a similar statement with respect to bed-lime coke, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 77.)

I have prepared a similar statement regarding coal, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 78.)

I have prepared a similar statement regarding tar, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 79.)

233 I have prepared a similar statement regarding ammonium sulphate, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 80.)

I have prepared a similar statement regarding coal gas, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 82.)

I have prepared a similar statement regarding benzol, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 81.)

I have prepared a similar statement regarding lumber, which is correct.

(Offered in evidence as petitioner's Exhibit (S) 83.)

I have prepared a recapitulation of all the products included in the last nine exhibits and have added the coke sales and coke cost of the by-product ovens. The sources of information for this recapitulation are the exhibits identified by Mr. Reay.

(Offered in evidence as petitioner's Exhibit (S) 84.)

234 (Petitioner offers in evidence as petitioner's Exhibit (S) 88 a duly certified copy of Senate Resolution No. 223, Sixty-fifth Congress, second session, directing the Federal Trade Commission to conduct an investigation and make a report on the causes for the high cost of farm implements.)

Mr. LINDABURY. Defendants object to the evidence on the ground that it is irrelevant and immaterial.

235 (Petitioner offers in evidence as petitioner's Exhibit (S) 89 a duly certified copy of Senate Resolution 223, and letter transmitting it, directing the Attorney General to report what proceedings, if any, he proposed to take to obtain further relief in this cause.)

Mr. LINDABURY. Defendant makes same objection as last before.

236 (Petitioner offers in evidence as petitioner's Exhibit (S) 90 duly certified copy of the report of the Federal Trade Commission on the causes of high prices of farm implements dated May 4, 1920.)

Mr. LINDABURY. Defendants object to the evidence on the ground it is irrelevant, not material, and nonevidential.

237 CHARLES A. BENNETT, being duly sworn, testified as follows (Feb. 4-5, 1924):

Direct examination by Mr. MYERS:

My name is Charles Arthur Bennett. My residence 433 Gregory Avenue, West Orange, New Jersey. My business address is 120 Broadway, New York. I have passed the Cambridge University examinations and am a member of the Society of Accountants and Auditors, Great Britain, and a member of the American Institute of Accountants, and a member of the National Association of Cost Accountants and of the Certified Public Accountants of Indiana. I was employed by the Federal Trade Commission for work in connection with the preparation of the report offered as petitioner's Exhibit (S) 90. In that connection my duties consisted of the supervision and direction of the accounting work that was necessary for the Federal Trade Commission to reply to the Senate resolution calling for the reason or cause of the high price of farm implements. I was directly in charge of all the accounting work.

In regard to the accounting in connection with the dealers, reported in a separate chapter, I supervised it, although the work was done under the direction of Paul D. Converse. The chapters supervised by Mr. Converse were 5 and 6, commencing at page 179. Of the gentlemen whose services were acknowledged on a flyleaf to the report, Mr. McCarty was the economist in charge of the investigation. After he terminated his service with the commission, Mr. John Knox Arnold took his place. Mr. Arnold revised Mr. McCarty's form of report. Mr. McCarty was at one time lecturer of business administration at Harvard and is an A. B. of Bowdoin College. Mr. Arnold is an economist and a writer and an A. B. of George Washington University. Mr. Adams, who was responsible for writing the chapter on the activities of associations, is an A. B. of Northwestern. John Temple Graves, who assisted in the compilation of these chapters, is a Literary B. of Princeton.

238 Mr. MYERS. Turn to chapter three on page 87, entitled "Income, investment, and return on investment of farm implement manufacturers, 1913-1918." Will you describe briefly how the information on which that chapter was compiled was obtained?

Mr. LINDABURY. Defendants object to the question on the ground it calls for hearsay.

A request was made of the manufacturers listed on page 87 to send to the commission their trade profit and loss accounts and balance sheets for the years 1913 to 1918. These were carefully gone over by examiners, and examiners were sent to the various manufacturers to gather additional information and facts arising from the examination of these financial returns, and, in addition, four questionnaires were sent to all of them asking for a definite statement of facts with regard to certain questions arising out of the examination of these returns. From those replies this chapter was written.

Mr. MYERS. The information embodied in the tables in that chapter was all taken from the books and records of the companies named or indicated?

Mr. LINDABURY. Defendants object to the question on the ground that it is irrelevant, immaterial, and calls for hearsay, and is not the best evidence.

All these figures were taken from the returns of the manufacturers and from an investigation of the books and accounts of the manufacturers. This work of gathering the information was altogether carried on under my direction.

Mr. MYERS. Turn to pages 89 and 90. There are given on those pages certain definitions of operating income, net income, investment, etc. Were the principles stated there observed in every particular in the compilation of the several tables included in the chapter?

Mr. LINDABURY. Defendants make the same objection as last before.

239 Mr. BENNETT. Yes, sir; they were.

MR. LINDABURY. I wonder if it may be understood that all this evidence is taken under objection on the ground of materiality and on the ground that it is hearsay, and that it is not the best evidence?

MR. MYERS. I will consider that that objection stands for all, if that is what you mean.

MR. LINDABURY. Yes. It is a general one. If there is some special one I suppose we will have to state it, but it will be understood that all this testimony is taken subject to an objection of that character.

Table 19 on page 90, showing "Income, investment, and rate of return on investment of 26 farm-implement companies for the fiscal year ended in 1913," was compiled with care under my direction.

MR. LINDABURY. Defendants object to this evidence for the additional reason that the companies are not named and no basis for cross-examination is furnished by the figures.

The International Harvester Company is mentioned by name in Table 27 on page 107, showing "Investment, operating income, net income, and rate of return on investment, by groups, for 26 farm-implement companies, years 1913-1918."

The information with reference to investments, and so forth, is the same as in Table 19, where none of the companies is indicated otherwise than by number.

MR. LINDABURY. Defendants object to this testimony 240 for the additional reason that it consists of deductions without giving the basis from which they are derived.

It was understood that no designation of companies should be given, but it was recognized throughout this report that the International Harvester Company was so large that it was impossible to conceal it, and we had no choice.

Tables 20, page 91, 21 on page 92, 22 on page 93, 23 on page 94, 24 on page 95, giving the income, investment, and rate of return on investment for 26 farm-implement companies for 1914, 1915, 1916, 1917, and 1918, respectively, were prepared under my direction from information gathered in the way I have described in accordance with established accounting principles and accurately. I have the key to these tables giving the names of the companies which are indicated there by number. When I undertook that work, I think it was promised that the commission, except under compulsion of the court, would not divulge whose figures they gave in the report. If I am compelled, I will give it. The title of the key is "Identification of manufacturers whose costs are reported in the following tables submitted in the report of the Federal Trade Commission on the causes of high prices of farm implements, dated May 4, 1920."

(Offered in evidence as petitioner's Exhibit (S) 91 with the request that it be kept in camera.)

MR. LINDABURY. Defendants object to the evidence on the ground, first, it is hearsay; second, as nonprobative—any of the matters contained; third, it is an unauthorized disclosure of confiden-

241 tial information; fourth, as containing simply names of manufacturers; there is no data with respect to their business or the confidential information they imparted to the Federal Trade Commission upon which it is possible to conduct a cross examination. These four objections are in addition to the general objection which it has been agreed applies to all this testimony.

(Offered in evidence as petitioner's Exhibit (S) 92 a certified copy of a resolution of the Federal Trade Commission to place at the disposal of the Department of Justice in aid of the pending suit all data, records, documents, and so forth, in the possession of the commission, supporting the published report herein known as petitioner's Exhibit (S) 90.)

Mr. LINDABURY. Defendants object to the evidence as authorizing a disclosure of information which we understand from the present witness was obtained by the Federal Trade Commission under pledge of secrecy. Defendants also object because it does not appear from whom or under what circumstances, or whether oral or in writing, the information referred to was obtained. This objection goes not only to this but to the data therein referred to—information referred to in the resolution authorizing its disclosure.

(Petitioner's Exhibit (S) 92.)

242 Referring to certain revisions mentioned on page 101 in connection with the investment accounts reported by the several companies, it was the endeavor of the commission to arrive at the actual cash investment in the farm-implement business, and in order to do that it was necessary to adjust the investment accounts of some of the companies, to eliminate amounts which did not represent actual cash investments; for instance, good will, which was not paid for in cash; value of the tangible or capital assets by appraisal which, through the appraisal, appreciated the book value of those assets with the corresponding increase in the surplus account of the company; and in the case of one company the inclusion of invested capital of accounts such as reserve contingencies through nonspecific reserves of a like nature. On page 113 you will find that I made mention of these adjustments.

243 Those revisions were uniform in principle as to all companies. In 1917 in a profit and loss account and balance sheet and financial statement substituted by the International Harvester Company, it was noticed that there was a big charge against the earnings in respect to Russian funds which had depreciated, and inasmuch as the amount stated here was somewhere around ten million dollars and no other company in the implement industry had any such loss to contend with, and in order to make the figures of all companies comparable, it was necessary to eliminate in arriving at the profits of the International Harvester Company this ten million dollars. In order to compare the profits of the International Harvester Company with the profits of any other implement manufacturer, it was necessary to treat this ten million dollars as an extraordinary loss, one perhaps more applicable to charge direct to surplus

of the company. The following year there was incurred a loss of ten million dollars, I think, which was treated in the same way.

The revisions materially affected the results reported by some companies. To others they did not amount to anything. But they were made wherever they applied.

The table not numbered on page 103 comparing the profit-producing performances of the International Harvester Company and the 21 other companies for the years 1913-1918, inclusive, and table showing separately the performances of the International Harvester Company and the International Harvester Corporation for the same years, were prepared by me from the sources and in accordance with the principles stated.

Table number twenty-seven on pages 107-108 showing "Investment, operating income, net income, and rate of return on 244 investments, by groups, for 26 farm-implement companies for the years 1913-1918," contrasting the totals of 25 companies with the International Harvester Company, was prepared under my direction in the same manner.

Table No. 32 on page 116 showing the net sales of 26 farm-implement companies for 1913-1918, showing the percentage of each company's net sales to total net sales, was prepared under my direction in the same manner.

The data contained in chapter four beginning on page 128, entitled "Cost, prices, and profits of manufacturers on typical farm implements, 1916 and 1918," were obtained from data submitted by the companies. At the request of the commission representatives of the International Harvester Company, Deere & Company, the Moline Plow Company, and Emerson-Brantingham Company came to Washington to confer with the commission in respect to this cost inquiry, and to Mr. Reay and Mr. Brinton of the International Harvester Company the commission was indebted to a large extent for the form on which the costs of manufacturers were submitted to the commission. This form was submitted to the various representatives, who agreed that it would give the commission the desired information and would fairly and properly present the true costs as far as they could be obtained. A questionnaire was prepared which was filled out and returned to the commission by all of the companies listed on pages 128 and 129 of the commission's report as far as they were able. Several of the companies could not supply the information required because their cost records were in such condition that they themselves knew very little concerning their costs.

Mr. LINDABURY. This is what they told you, I suppose?

245 That is what I personally inspected and found. I attended at the offices of the Acme Harvester Machine Company, American Seeding Machine Company, Deere & Company, Emerson-Brantingham Company, William Gallaway, Janesville Machine Company, Litchfield Manufacturing Company, Massey-Harris Harvester Company, Moline Plow Company, Oliver Chilled Plow

Works, Parlin & Orendorff Company, Peoria Drill and Seeder Company, Rock Island Plow Company, Sears-Roebuck Company, and the Studebaker Corporation for the purpose of conferring with the manufacturers and assisting them in obtaining the information requested on this form of cost report, and through my conferences with the different manufacturers the fact that the cost records were unsatisfactory and did not give the required information became known to me. One manufacturer, the Rock Island Plow Company, said: "We do not have any cost records. We do not keep any cost accounts. Whatever the International Harvester do, we do."

Where the companies had unsatisfactory records, examiners from the commission, under my direction, visited the various plants and attempted by inspection of invoices, contracts, records, cost records, financial records, etc., to verify as far as possible the figures submitted and to make them comparable with those of other manufacturers. With perhaps one or two exceptions, I visited every manufacturer while my examiners were making the verification. I did not visit all of the companies manufacturing harvesting machines. In respect to grain binders, mowers, and dump rakes, I did not visit the Walter A. Wood Mowing & Reaping Machine Company. In respect to mowers and dump rakes, I did not visit the Thomas Manufacturing Company. To my recollection, I did not visit the Ohio Rake Company. Before the examiners went out they received

from me personal, detailed, verbal instructions of exactly what to get and how to get it, and their reports were very carefully perused by myself, and the examiners were cross-examined on their findings in respect to those companies which I did not visit personally. In order to reduce this data to a comparable basis, revisions were made, as outlined on pages 129-131.

I found it to be a fact that the International Harvester Company secured their steel requirements for the Harvester works from the steel works of that company, in the same way that they would secure it from outside suppliers; that is at current prices and in accordance with prevailing customs. All of the raw material items in the costs of the International Harvester were charged in the same way. The lumber purchased from their own lumber company was so small in amount that it did not count for much. These raw material costs were verified and accepted unless we had sufficient data on which to change their prices. The revisions did not individually disturb the intercompany profit as reflected in those costs.

Mr. MYERS. Before we leave the subject of revisions will you state, based upon your training and experience, whether in your judgment these revisions were necessary and calculated to reduce the cost figures of the several companies to a comparable basis?

Mr. BENNETT. Yes.

Mr. MYERS. In your opinion, were the results achieved the best and fairest possible considering the lack of uniformity in the records of the company reported and examined?

Mr. LANDABURY. Defendants object to the question on the ground it is irrelevant.

Mr. BENNETT. I believe they were.

247 Tables 64 to 69, pages 166-174, showing manufacturers' estimated cost per implement for certain lines of harvesting machines for the years 1916-1918, were prepared in the same manner as the other tables. Included in these statements are the figures of the International Harvester Company, which are the figures for a particular brand or line of harvesting machines. They reported on a McCormick binder and, I think, an Osborne rake. The brand selected was the one alleged by them—and I have no reason to doubt—to be the implement most typical of that particular line of implements which they manufactured.

The data contained in chapter five, page 179 of the report, was obtained by sending around to about 20,000 dealers a questionnaire with a proforma balance sheet of profit and loss account attached, with the request that it be filled out. Field agents were sent out to assist the dealers in compiling these questionnaires and in gathering additional facts and information about their business. Of the number sent out, between eleven and twelve thousand came back. We were compelled to eliminate about four thousand as being absolutely worthless. The usable ones were drafted and set up in form, drafted by myself. From that point on that chapter was prepared by Mr. Converse.

The questionnaire requested information from the dealers concerning the lines of machines handled by them. I read that question from this copy of the questionnaire: "Costs of specified kinds of farm machinery, and retail dealers, and dealers' prices to farmers."

The questionnaire required the dealer to report the maker of the machinery handled, and the dealers generally responded to that question.

248 The questionnaires which were thrown out as worthless contained practically no information. Often merely a statement to the effect that "We do not keep any books or accounts." To the best of my recollection these questionnaires were thrown out in toto.

Mr. MYERS. State whether or not the compilations in this chapter with reference to the percentage of dealers handling the machines of the International Harvester Company were compiled from these questionnaires in the way you have stated.

Mr. LANDABURY. Defendants object to the question for the reason it is based on hearsay, not even producing the source of such hearsay.

Mr. BENNETT. They were put in under my direct supervision.

Not every questionnaire was examined by me, but if there was any question on those which I did not personally examine which my assistant could not determine, I decided whether it was useful or not.

The information contained in chapter six, page 227, entitled "The dealers' expenses and profits, 1915-1918," was gathered from this same questionnaire and compiled by Mr. Converse.

Table 163 on page 662, showing "Book investment of the International Harvester Company in domestic implement plants on December 31, 1918, as reported by the company," was reported by the International Harvester Company to the Federal Trade Commission probably on a request contained in a letter. I have no independent recollection of the exact means. It was not revised by anyone in the Trade Commission.

249 Information contained in Table 165, page 663, showing "Number of harvesting machines manufactured by the International Harvester Company in the United States, by lines, during the manufacturing season ending September 30, 1918," and in Table 167, page 665, was supplied by the International Harvester Company.

Mr. LINDABURY. All under that confidential arrangement you spoke of this morning?

Mr. BENNETT. I think it was generally understood that the information that was given as to costs, prices, and profits should not be disclosed by the commission. I do not believe that any understanding, stipulation, or promise was made that information which was supplied concerning the International Harvester Company's own business should not be used in this report.

Mr. MYERS. Have you had any conversation with any official of the Federal Trade Commission with reference to what were your rights and duties in testifying in this case?

Mr. BENNETT. I have. With the secretary of the Federal Trade Commission.

I said I could anticipate that in an inquiry of this nature I might be asked who these other people were who are mentioned in this report by number, and I said: "You know, when I first came on this investigation, the commission stated in its report it would not disclose the costs of the different manufacturers," and he said, "That is perfectly true. You are not to give out who those manufacturers are unless you are subpoenaed and ordered to do so. If you are ordered to do so, you must give the information."

Mr. MYERS. Did the secretary make any reference to the act of Congress creating the Federal Trade Commission and defining its duty in inspecting and giving out information?

Mr. BENNETT. He did.

Mr. LINDABURY. It would be better if the witness were asked to tell what the secretary said.

The percentages contained in a table without number at the top of page 666, showing in terms of percentage the machines of the several brands of the International Harvester Company of domestic manufacture sold in the United States and Canada during the years 1910 and 1918, were obtained from figures originally submitted by the International Harvester Company to the commission. The information with respect to the numbers of machines of the different lines manufactured in 1910 was obtained from the report of the Bureau of Corporations.

The information contained in Table 169, page 667, showing factory costs of the International Harvester Company for machines shipped in the domestic trade October 31, 1915, to October 31, 1916, was obtained from a report filed by the International Harvester Company in the form in which I present it to you, a draft on which all companies were asked to report their costs of typical machines. It is the form to which I testified the commission was indebted largely to Mr. Reay and the other gentleman mentioned. A revision was made in those figures in the amount of the overhead, warehouse and shipping expense, and the amount of selling, general, administrative, as appears on page 695.

"Factory cost" is the cost of raw material entering the product, productive labor, indirect material, and indirect expense, commonly known as factory burden or overhead. There was no change in the

figures furnished by the International Harvester Company in 251 the amount of the cost of the material, no change in the amount of the productive labor which forms part of the factory cost; but there was a slight change in the overhead, warehouse and shipping. The change was trifling. During this inquiry the commission found that the manufacturers use many different methods of distributing their overhead. The majority adopt productive labor as the basis of distribution. In order to get all companies on a comparable basis, the commission adopted productive labor as the basis of distribution. I think it was that change in the distribution—namely, instead of allowing 15 per cent for tillage implements and a quarter or a half cent a pound for twine before spreading the factory burden over productive labor, that resulted in a slight increase in the burden applied to the implements of the International Harvester Company. This resulted in allocating to the cost of the McCormick binder a greater overhead than was reported by the company to the commission.

Table 170, page 668, gives similar information for 1918. At the time costs were submitted by the International Harvester Company in 1918 the manufacturing year had not closed, so the costs were estimated. Before the examination was complete the Harvester Company's manufacturing year was ended, and our examiners, in conjunction with the cost accountants of the International Harvester Company, revised the estimated costs and agreed upon the actual costs. There was a difference between the company's and the commission's figures in respect to inventories of raw materials and finished product, because commencing with the year 1917 the International Harvester Company priced their inventories on what they were pleased to call the basic inventory principle. That principle was this: It was the contention of the Harvester Company that they should not be compelled to price their inventory at cost or market, whichever was the lowest, but on a pre-war normal basis, as far as quantities and values were concerned, equivalent to the inventory

they had on hand at that time; balance of the inventory to be
252 priced at current cost. The commission did not agree with
them, one reason being that there was only two companies that
used that basis to price inventories. Therefore the Harvester Com-
pany's costs were revised by the commission, after consulting the
company's cost accountants, to show what those costs would have
been had the inventory been taken on the same basis as taken prior to
1917. Such revision had the effect of reducing the Harvester Com-
pany's costs for 1918. According to such revision their inventory
was understated by six and one-half million dollars in 1917 and by
approximately ten and one-half million dollars in 1918, making a net
difference for the year 1918 of approximately four million dollars.
That covered all lines of agricultural implements included in the
report. That does not mean that the amount mentioned was in-
volved in the revisions relating to harvesting machines only.

Information contained in Table 171, page 669, showing a com-
parison of total cost of McCormick harvesting machines and the
harvesting machines of five other manufacturers, 1916 and 1918, was
obtained from the cost reports of the company after revision by the
commission—the same revisions to which I have been testifying.

253 Information contained in Table 172, page 670, showing
profits of the Wisconsin Steel Company, 1913-1918, as revised
by the commission, was obtained from figures submitted by the com-
pany and from data by examiner from the financial records of the
International Harvester Company. Records of the Wisconsin Steel
Company are kept in the Harvester Building, Chicago. The revi-
sions mentioned were made on the same basis used earlier in the
report with regard to the elimination from the net income of charges
not considered by the commission as proper charges against opera-
tions. For instance, Federal income tax and charges proposed for
contingency reservations and similar items, both including net in-
come which is shown before charging interest, and the invested
capital, including borrowings, were treated in the same manner in
which we treated other figures of the company.

Information contained in Table 173, pages 671 and 672, showing
sales, net income, and investment of the International Harvester
Company, International Harvester Company of New Jersey, and
International Harvester Corporation, separated as between the sub-
sidiaries raw material, market, and implement and twine companies,
1913-1918, as revised by the commission, was gathered from

254 statistical reports and figures of the company subsequently
investigated by the commission's examiner and adjusted after
conference between Mr. Reay and myself. I discussed with
Mr. Reay many points which arose on which I wanted the opinion
of the company as to how they treated certain items and the man-
ner in which they were treated so that I should not be overlooking
any facts which might influence my decision as to how I should
treat various items of income and expense. I did not indicate to Mr.

Reay what the proper revisions might be, except that I imagine, being a fellow accountant, he gathered from my conversation and line of argument that I was not particularly in love with the so-called basic inventory principle of pricing inventories. I discussed the merits and demerits of the basic inventory theory with Mr. Reay. My intention was to gather from him all of his reasons why I should use it, and then I made up my own mind that I would not use it.

In Tables XXIX-XL, beginning on page 692, the first of which shows a comparison of estimated costs of mowers in 1916, as reported by the manufacturer and revised by the commission with reference to "reported cost" and "revised cost," the reported cost gives the figures which the company reported to the commission on the form which has been submitted and the revised figures are those figures revised by the commission.

255 These companies are indicated by numbers rather than by names and they take their numbers in the same order as the tables on page 169 and following. The figures with reference to the International Harvester Company are the same as in the preceding tables, in which the Harvester Company is mentioned by name, excepting that in Table 167 the brands of the International like "Champion," "Osborne," etc., are given, whereas in Table XXIX and following, only one brand is given.

In Table XXIX I believe we inserted the words "estimated cost" because the figures of some of the companies were reported in such manner that it was physically impossible to get the actual figures, but in the case of the International Harvester Company they were able to give the actual figures for 1916. We obtained reliable figures from Deere & Company, Emerson-Brantingham, Moline Plow. These tables treated only with harvesting machines.

Taking Table XXIX, the Harvester Company number is one. The reported cost total is \$30.32, the next lowest being four, which is \$33.43. The revised total cost for the Harvester Company for that year was \$27.72, and for #4 was \$31.24.

In Table XXX which is a comparison of estimated costs of mowers in 1918 reported by the manufacturers and as revised 256 by the commission, the total reported cost of the Harvester Company was \$53.76, and of #5, the next lowest company, was \$55.33. The revised total cost of mowers for that year for the International was \$45.09. The next lowest company, as revised, was #2, which was \$48.50.

In Table XXXVII, page 695 of the report, the reported cost of the Harvester Company grain binder in 1916 was \$83.80, and of these next lowest company, #2, \$95.10. The revised cost for the International Company was \$76.71 and of the next lowest company \$87.81.

In Table XXXVIII the estimated costs of grain binders in 1918, as reported, for the International Harvester Company was \$142.72 and for the next lowest competitor, #5, was \$160.90. The revised

cost for that year for the International Harvester Company was \$119.77 and for ± 4 , the next lowest competitor, was \$147.85.

In Table XXXIX, which is a comparison of estimated prices of corn binders in 1916, the reported figure of the International Harvester Company for a corn binder was \$79.25 and of the next lowest competitor, ± 4 , \$95.94. The revised figure for the International Company was \$72.10 and for ± 4 , \$88.87.

In Table XL, showing estimated cost of corn binders in 1918, the reported cost of the Harvester Company was \$134.53 and of the next lowest, ± 3 , \$148.02. The revised cost for the Harvester Company was \$112.02 and of ± 2 , the lowest competitor, \$129.71.

The International Harvester Company applied to the Trade Commission for a hearing in the matter of this investigation. They asked when in Washington and also in writing that before publication of the report of the commission they should have an opportunity to argue or discuss or take up with the commission any question—

Mr. LINDABURY. Defendants object to a statement of the contents of the writing without its production.

—in regard to any unfair practices which the commission might have found in its investigation. The request was made to my knowledge by the International Harvester Company and Deere & Company, and a hearing was held in Washington at which were present Mr. Legge and Mr. Bancroft of the Harvester Company, Mr. Todd and Mr. Peek of Deere & Company, Commissioners Murdock, Thompson, Dr. Walker, John W. Adams, Mr. Bays, and myself of the commission. The hearing took place in September, 1919, after the discussion with Mr. Reay concerning cost figures, etc.

Mr. MYERS. What representations did the International Harvester Company make to those representatives at that hearing?

Mr. LINDABURY. Defendants object to the question because it asks for a conclusion or characterization instead of asking what was said, and it does not ask for the person who said it.

Mr. MYERS. Mr. Bennett, to meet the objection of counsel, will you state what was said in behalf of the International Harvester Company at that hearing, and who said it, and what the relation was of the person speaking to that company?

Mr. BENNETT. Mr. Legge, then the vice president and general manager of the International Harvester Company, stated to the commission the conditions pertaining to the manufacture and distribution of the farm implements generally—

Mr. LINDABURY. Defendants object to that as a characterization of the statement instead of giving the statement itself.

Apart from what I have already said, Mr. Legge made a statement defining the activities of the International Harvester Company in the various farm implement associations.

Mr. LINDABURY. Defendants object to that as characterizing the statement instead of giving the substance.

After Mr. Legge had finished, Mr. Told of Deere & Company gave his version of the activities of that company in the various farm implement associations. Then Mr. Adams, who is responsible for the chapter in the commission's report on the activities of trade associations, put various questions as to the meaning of certain letters which passed between the International Harvester Company and others, and between Deere & Company and others, with regard to problems in marketing farm implements. Nothing was said concerning the work in which I was particularly interested—the accounting work.

Mr. BENNETT. If in my replies to counsel I stated I could not give the substance of Mr. Legge's discourse before the commission, that is only partially the fact, for the reason that while I can not remember his actual words, the substance of the whole hearing was the difficulties of the Harvester Company and other implement companies and the various activities of the Harvester Company in the trade associations. May I supplement my last statement? The report of the hearing of the Federal Trade Commission was taken down by the commission's stenographer. I do not have a copy nor have I read it since that time.

Mr. MYERS. To make it perfectly clear, I want to repeat the question: You are certain that in the course of that hearing no reference was made to the accounting work on which you had been engaged; no exception taken to anything you had done?

Mr. LINDABURY. Defendants object to that. It does not appear it was ever exhibited to the witness or to the Harvester Company up to that time, nor that they had any occasion or opportunity to object to that.

No; I was not asked any question.

Cross-examination by Mr. ELLIOTT:

Various adjustments similar to the revisions in the figures furnished by the Harvester Company were made in the figures of other companies. I did not mean to leave the impression that the Harvester Company was trying to conceal anything.

There were only two companies that priced their inventories in 1917 and 1918. I treated the other companies identically the same as I treated the International; but with regard to all other adjustments, if the adjustments which I made in the figures of the International applied to other companies, they were made, too. There was no attempt on the part of the Harvester Company to prevent my making such adjustments.

By adjustment of selling expense, which I referred to as factory burden, I meant to prorate it over the entire volume of sales. It is perfectly apparent how the Harvester Company prorated it. The International Harvester Company was the only one of the harvester companies which had twine mills, and I knew it was in competition

with other twine companies. I might admit that there might be a fair difference of opinion as to whether twine should take the same expense as other lines. The International Harvester Company was asked if it would give us the selling expenses applicable to twine, but they could not give them to us because they were not segregated, so I had to make a Hobson's choice which way to use my figures.

I have not the key to the cost tables in the Federal Trade Commission report covering various other machines such as walking plows, sulky plows, gang plows, engine plows, spike tooth harrows, spring-tooth harrows, disc harrows, corn binders, cotton planters, disc drills, walking cultivators, root cultivators, manure spreaders, farm wagons, etc.

262 Mr. ELLERY. We will ask the Government to produce these keys. I do not see how we can proceed with this examination very far without it.

Mr. MYERS. I will at this time note on the record an objection to proceeding with the costs, and an objection to importing into the costs of other implements than harvesting machines, in view of the fact that the supplemental petition in this proceeding charges only that competitive conditions do not obtain as to harvesting implements and does not allege an unlawful control by the International Harvester Company in other lines of agricultural implements. Any inquiry with respect to costs, investment, etc., with respect to implements other than harvesting machines is incompetent, irrelevant, and immaterial to the issue in this proceeding.

Mr. MYERS. I will endeavor to obtain the keys asked for unless the witness is able from his memory to identify such of the companies as you may be interested in. I take it that if he is able to do so, being here in obedience to his subpoena, it is his duty to do so. I would suggest that counsel first inquire whether he can identify the companies in which you are now particularly interested.

263 Mr. ELLERY. I understood the witness to state he could not produce a key to the other tables. We want the entire key, and all of them, for the purpose not merely of examination of particular companies but to show the whole picture to the court, what the costs mean and how they vary in the implement industries; how one company will have high cost in one implement and low in another, and vice versa. That is certainly material in the matter of this question of competition on our theory.

Mr. BENNETT. I have not the key and I could not go through these other tables and identify the numbers with the companies' names.

264 In connection with the investigation of the cause of the high prices of implements, we were looking into actual costs as far as we could get them. In order to ascertain the cause of the high prices it was necessary to determine whether the implement companies were making abnormal profits. Therefore it was necessary to find out what profits they made, and in what lines these abnormal profits were made, and to do this we had to ascertain the

costs. All manufacturing companies listed in that report were asked to furnish inventory statements for the five years 1913-1918, and these statements showed the actual profits in the implement business. Then the manufacturers were furnished with a form of cost statement, on which they were asked to report what their costs of typical implements were. Books of the companies were examined to ascertain whether the reported figures were in accordance with the books. We did not audit the accounts, nor did we verify those accounts as any firm of accountants going to certify their balance sheets or earnings would do; but the commission did satisfy themselves that the financial statements reported were in accordance with the records and books of the company. Having acquired all the information upon those items concerning which any question might arise as to their propriety, as classified by the company, the information was utilized or reclassified where the commission thought the various items of income and expenditure, investment, or pseudo-investment were not properly classified.

Cost statements were submitted by the companies and then taken back to the companies' offices, and the companies were asked to substantiate the figures they had reported. As an illustration, it was found that the company would be reporting material prices not at the cost to them for that season, but perhaps at a contract price for future delivery. In addition to material costs the other elements of a cost sheet are productive labor, overhead, and selling in general, and wherever it was found that the company had given, not necessarily wilfully, an indirect figure, whether it was in the cost of the various materials or the other items, and they could not substantiate their finding and the commission was able to find a more exact figure, then the company figure was changed.

Material cost must take into consideration materials on hand at the commencement of the manufacturing season, plus purchases during the season. The material cost as revised by the commission represented as accurately as we could determine the actual cost of the material consumed during the manufacturing season. There was very little change made in the material prices of a good many companies. In some cases it was necessary to change quite a bit, more especially the individual material; for instance, castings. We found a good many companies did not know what their castings cost them, and their foundry accounts were so inefficient that they did not exhibit the true foundry cost for castings, and in one or two instances we actually worked out from their records true foundry costs that surprised the manufacturer, by showing him what his castings really cost and what he thought they cost. He thought they were costing him less than they were. I believe the method of pricing material would make no differentiation between companies which made their own wheels or chains and those which bought them; as to those who bought them, the materials would be in at

the purchase price, and, as to the others, at manufacturing cost. Almost without exception in the case of the International Harvester Company, no changes were made in these tables in the material cost in 1916, because the International Harvester Company submitted to us their actual costs, and the Harvester had the best cost system of any of them in my estimation. They exhibited to us their system of cost finding, which would give the true cost as far as possible, taking into consideration the element always present in cost findings of proration and estimation. Under this method of
266 valuing materials, due to the fact that different manufacturers purchased identical material possibly on a fluctuating market, one manufacturer might have a thousand articles identical with the thousand in the others inventory purchases, which might be higher or lower. The period of 1916 and 1918 was one of mounting material prices, during which there might have been considerable difference in the prices of identical materials in the hands of different manufacturers, due to the circumstance of whether they had been fortunate enough to lay in a large supply at a lower price or had to buy at a higher one. However, it is the custom in the implement industry to purchase six months ahead, so that that element is not so vital as might appear.

Mr. LINDABURY. Suppose he contracted for a year ahead, one of these, and the others hadn't; that would make a material difference at that time, wouldn't it?

Mr. BENNETT. It would make a difference, Mr. Lindabury, but I very much doubt whether they would do that, for two reasons: One, that they would get no one to contract with them for a year ahead, and the second is they would not want to do it themselves because they would not be sure how the material market was going to run.

Referring to Table XXIX on page 692, the International Harvester Company had the lowest revised total cost, \$27.72, and the next lowest was number four, \$31.24, giving the Harvester Company an advantage of \$3.52. In column two, showing the material costs as revised by the commission, the cost for the International Harvester was \$13.77 and for number four was \$18.71, a difference of \$4.94.

The difference in the raw-material costs, therefore, was more
267 than the difference in the total manufactured cost, which would indicate that in so far as factory production and productive labor was concerned, number four was in as good a position as the International.

With respect to the advantage of \$4.94 in material, my investigation did go far enough to indicate whether that was a permanent advantage, but unless I knew in just what way I revised the material cost of number four, or what caused that change, I could not tell you whether it was permanent or not. I have testified that I had made up the actual costs here at what the material happened to cost each manufacturer, which might vary, depending on when he purchased it, the market price at the time, or whether he manu-

factured it, and the difference here might represent the difference in those elements.

I think I stated that the method of distribution of the factory burden of the International Harvester Company was on the basis of 15 per cent tillage implements and quoted half a cent a pound twine, and then the balance on productive labor. That was wrong. I was speaking of the selling expense, general administrative expense. Perhaps it would clarify it if I say that the method of distributing selling expense, which is 15 per cent on tillage implements, a quarter to half a cent a pound on twine, and the balance on the basis of net sales proceeds.

Mr. ELLIOTT. As I understand it, when you investigated the International Harvester Company and found they used this method of applying different sales expense to different implements, you did not enter into any extended investigation as to whether that might be justified, because it had previously been decided by the people laying out your investigation that the only practical way of comparing different companies was to distribute all the selling expense equally over all products; isn't that true?

268 A. Yes; but I wish to add that I discussed with the International Harvester Company the reason they chose that method, and, as I recollect, it was because from their past experience they found that in their particular business it was most wholesome to do so. As far as the industry as a whole is concerned, I had to choose a basis which would be comparable to all.

Dr. Walker's participation in this report was more in the capacity of editor. He took the chapters which were written by the various gentlemen, read them, commented on them, and perhaps offered suggestions. I did consult with him to some extent; but the questions which were purely of an accounting nature were left to Mr. Worcester, the chief accountant, and myself, in consultation with Dr. Walker, as the chief economist of the commission, and Mr. McCarthy and Mr. Arnold, who had charge of this investigation for the commission.

The accounts of the International Harvester Company were in such shape that when I decided on the basis on which to set up the comparisons I was able to get accurate information for making any adjustments necessary. In 1917 the Harvester Company took their inventory both on a basic inventory principle and as they had done it before. I am not sure they did that for 1918, but in any case the figure that was used in the adjustment was the figure that was supplied by the company. The statement on page 131 of the Federal Trade Commission report, reading as follows, was correct:

"Material costs.—In the cost figures submitted to the commission many of the companies used current or anticipated contract prices without taking into consideration their inventories. As most farm-implement companies, of necessity, carry large inventories, including raw material purchased during the preceding years at lower

prices, the material costs submitted were accordingly inflated. It was not possible for the commission to revise the companies' costs satisfactorily because in some cases inventories were not available, and in those cases where the inventories were available they were so voluminous, containing many thousands of items, that it would have taken an unreasonable amount of time to obtain the desired information. The costs of gray iron and malleable castings manufactured by the companies owning their own foundries were revised by the commission and adjusted to actual cost, in so far as the foundry cost systems would permit, which in many instances were far from satisfactory. It should, however, be borne in mind that the total material costs as shown in this chapter are in almost every instance inflated to a certain extent."

In both 1916 and 1918 the Harvester Company's inventory, after we made adjustments and for which figures were available, was one of the exceptions there. In comparing the Harvester Company costs with those of other competitors there might be some inflation of their materials costs, as compared with the Harvester Company's costs on similar material.

Mr. ELLIOTT. In the testimony taken yesterday, Mr. Bennett, there was an answer to a question which I did not grasp the significance of. When I called your attention to the fact that there were in the material figure differences in cost of identical materials due to the different time at which the several manufacturers might have purchased materials at market value, I understood you to reply, "Yes; but it is a custom of the trade to purchase materials long in advance." What significance has that fact as qualifying the point I was making of the different values placed on identical materials?

Mr. BENNETT. The point that I understood you to be making, sir, was this: that if the material market was fluctuating with an increase, that by the coincidence of the one manufacturer having to go on the outside and buy his material, compared to a manufacturer who makes his own, it would be possible for the manufacturer who goes out to buy to be compelled to buy at a higher price than he would have been able to charge those materials into cost had he manufactured them. I, in my answer, wished to point out that that condition is hardly likely to happen, for the reason that the manufacturers purchase their materials on contract usually six months in advance. Therefore, one manufacturer who had to buy his material on the outside was not likely to get stuck with a shortage of material and be compelled on a rising market to go out and buy to fill his manufacturing schedule. In other words, the manufacturer does not buy his material from hand to mouth but he contracts for it six months in advance.

Mr. ELLIOTT. Would that condition of the trade in so far as it affects things at all, in your opinion, tend to lessen any advantage which a concern manufacturing its materials had over those who bought?

Mr. BENNETT. No, sir.

Mr. ELLIOTT. I asked if, in view of your statement in the previous question, that because of this custom of the trade the party purchasing was not likely to get caught at having to replenish his inventory at a high price compared with the manufacturer—if that tendency which you mention there did not to that extent lessen the advantage of making these articles?

Mr. BENNETT. No; because it would be quite possible for a manufacturer to get those articles cheaper than he could contract for their purchase.

Mr. ELLIOTT. I was not asking you yesterday for any comparison between a manufacturer making a particular material or part and one buying, but comparing people who go out into the market and buy identical articles, they may get those articles into their inventory at quite different costs?

Mr. BENNETT. Yes; due to the time and condition of the market at which they buy, and that might make differences; but I am not going to say it would make radical differences, because I do not remember whether it did or did not. It all depends on the market. If the difference in the total cost is substantially in such a way as to affect competition, then the difference in the material cost which created that is also a substantial difference for that particular implement. The fact that the implement companies estimate their manufacture and purchase their materials in advance of knowing what the season's requirements will be often results in a carry over or a shortage.

I understand that it is the custom in the trade to plan out what is commonly known as a manufacturing schedule; but, of course, use raw materials to fulfill that schedule whether purchased on contract as has already been stated; but it is quite possible, and usually actually so in the industry, that when they finish manufacturing then they have sometimes to carry over the finished machines or parts or shipping bundles, and in other instances are short because the demand has exceeded the supply.

This peculiarity of the implement trade, of having to guess at the amount of the purchase long before the actual demand can be known, brings in the likelihood of this element of different people purchasing at different times.

Mr. ELLIOTT. Then, as I understand it, there has been no attempt, in adjusting material costs of the different companies here, to value identical materials at identical prices?

Mr. MYERS. I will note an objection to the question that there is no testimony to the effect that the companies did buy their materials at the same prices; that there is any occasion for valuing them at the same price.

An attempt was made to value the material at the actual cost of the material to each and every individual manufacturer, and that basis of setting up the material costs leaves in the variable element of the different cost on different materials depending on the market

price at which different manufactureres may have bought the same.

272 If the actual demand for machines in any year turned out differently from the schedule made in advance, it would mean that that concern would have to go out into the market later and buy the balance of its requirements. Where a concern had laid out a manufacturing program in excess of the demand developed later, they might stop manufacturing and carry over the raw materials, so that possibly at the inventory period at the end of any manufacturing year the inventory might contain both finished machines and raw materials.

In Table VIII, page 684, the material costs of manufacturer $\pi 2$ have been revised by your commission as \$39.36, while manufacturer $\pi 5$ had a material cost of \$68.60, the difference being \$29.24. The total manufacturing cost as revised by the commission for manufacturers $\pi 2$ and $\pi 5$, namely, \$89.46 against \$109.47, shows a difference in the total cost of \$20.01. Those are the figures for the cost sold. There is quite a difference between the manufacturing cost and the cost sold. The column called "total cost" includes selling and general administrative.

Mr. ELLIOTT. That is another case, is it not, where the difference in material costs is greater than the difference in the total costs sold?

Mr. BENNETT. Yes, sir.

273 The difference in material cost might be due to a number of nonpermanent and fluctuating elements such as the difference might be diminished or increased or reversed in some other year; but there are other elements entering into the cost sold other than the material cost which also would reflect something different in a subsequent year, so that while it is quite possible that the change in the material price might give a complete change in picture another year, yet the change in the total cost sold might also reflect a change in the other elements of the cost sold.

In Tables XXXVII and XXXVIII, page 695, manufacturers $\pi 2$ and $\pi 4$, who in the 1916 table appeared to have had the second and third lowest total cost sold, when compared with the same companies in the 1918 table are reversed in position, $\pi 3$ having become $\pi 2$. The reported material cost in 1918 of manufacturer $\pi 4$ advanced from \$53.74 to \$85.42.

That was an increase of \$31.68. Manufacturer $\pi 2$ had an increase of \$46.04. The change of \$6.07 in material cost which $\pi 2$ had over $\pi 4$ changed to an advantage in 1918 of \$8.29 in favor of $\pi 4$, or a total difference of \$14.36. In all probability my curiosity was aroused when I saw those differences in material costs. I do not believe I did follow them up, but I guess I should, had I considered it pertinent to do so.

274 Referring generally to the material costs throughout the report, the differences could arise in various ways. One manufacturer would make several of the manufactured parts which go into the implement, and those would go in perhaps at less

than he could go out and buy them for. Other instances were found where it cost the manufacturers more to make their own material parts than it would have done to have gone out and bought them. Other suggestions might be that it was impossible from the records to obtain true foundry costs. For instance, their castings may have gone into the material at too high a price. The location of the plant and the method of buying material might affect the differences between one manufacturer's cost of material and another's, because of the freight rates on steel and because of poor purchasing power. Those are all elements which might affect material cost in addition to the prices and market conditions existing when the materials were purchased.

Mr. LINDABURY. You did not attempt to adjust the difference of the kind you have last referred to, did you?

Mr. BENNETT. Not, of course, if the difference was occasioned through poor buying, but if it was possible to adjust material prices through obtaining correct foundry costs, then, of course, we adjusted it. Some we could, some we could not.

In Table XXXII, page 693, productive labor for company #7 is \$76; for company #5, \$3.01, and company #2, \$3.87. The reason those appreciable differences exist is that company #7 is the company which has a good system of factory costs. Their proration or apportionment or establishment of their actual productive labor differs materially from that of another company. What one company calls productive labor, another company may not, and it was impossible for the commission with the time and information at its disposal to do other than accept what they told us was productive labor. It was not possible for me to write up a set of correct cost accounts for all the implement companies in the key for two years and I made no pretense of attempting it. Taking the figures as they stand, and recognizing that it was impossible for me to check them as to actual conditions, the differences which might arise other than errors in accounting costs are most likely caused by the fact that the productive labor used in the manufacture, say of casting, was not segregated and was never applied to the cost of the casting; consequently productive labor is increased and material cost is decreased. Had they known their true foundry costs productive labor would have decreased, because they would absorb in their castings part of productive labor.

Mr. LINDABURY. Then these columns are not reliable, showing the cost of productive labor, are they?

Mr. BENNETT. They are as reliable, sir, as it would be possible to make them.

Mr. LINDABURY. That is not an answer. Your answer implies, meaning "no." They can not be relied on for the reason you stated that you could not verify them?

Mr. BENNETT. It was true productive labor, but was not necessarily properly apportioned. I mean productive labor, whether it produced a casting or whether it is in the assembly of machine parts,

is productive labor nevertheless; but in setting forth this productive labor they have not apportioned their labor to their factories; therefore their productive labor is distorted.

It can be relied on as the true productive labor of the factory, but it is not necessarily the true productive labor which is comparable with another company's productive labor.

Shop efficiency is another item which might show up largely. Equipment with regard to labor-saving devices might affect the difference.

To the best of my recollection, with the exception of the Harvester Company, practically all the companies I investigated never checked out their estimated costs at the end of the year and adjusted them to the actual costs when the inventory was taken and the year's accounts closed. That, also, was a variable element in these tables.

277 I believe I had between 15 and 20 men to make the field examination. They conducted this examination under the understanding that it was confidential and without any expectation that they would have to come into court and stand cross-examination on their figures.

Mr. ELLIOTT. And all you know about these figures, of personal knowledge, with the exception of special cases you may have personally investigated, comes from what these men produced and told you or furnished you?

Mr. BENNETT. Yes; with regard to those cases where I personally did not actually visit.

Mr. MYERS. He said "yes and no." Now he is finished with the "yes" part of his question. Let him finish the "no" part of it.

I do not mean that in the case of the companies visited I did all the work of examination. I did not just visit them once, but several times, and went very carefully over the work the examiners had done and satisfied myself that they had obtained actual and proper figures which could be used. If there was any question of a change which could not be reasonably and properly substantiated, I invariably gave the benefit of the doubt to the company and did not change it, so that there should be no question afterwards of favoring one to the detriment of another or doing things arbitrarily.

278 The statements furnished by the manufacturers were not under oath, but I believe there was an implication that if they were wilfully wrong they would be liable to prosecution. In some instances we did get affidavits that they were correct to the best of their knowledge and belief.

Not all of the men I used were certified public accountants. In the main I had to rely on the information brought by these field forces.

Mr. ELLIOTT. All the concerns that you were investigating knew, of course, that the higher their costs were found to be, the better the justification for the existing prices?

Mr. MYERS. Petitioner objects to the question on the ground that it is obviously an improper one.

Mr. BENNETT. Naturally.

Mr. LINDABURY. I think in view of the implication and understanding and all that of laws they had never seen, it is well enough to show they probably did know something of this investigation and what its object was.

I am a public accountant with the firm Lingley, Baird, Addison and Dixon.

Mr. ELLIOTT. Suppose a client should come to your firm for a thoroughgoing and sufficient investigation of two questions, one of them being as to the actual cost and profits of a particular concern in a particular year based on inventory at cost or market and the other being an investigation as to the efficiency and ability of that same concern over a period of years to manufacture various machines, as compared with other concerns manufacturing similar machines. Would not the investigation which you, as a public accountant, would lay out and make for the purpose of giving a matured opinion on the latter question be much broader in its scope than the investigation for the purpose of answering the first question?

Mr. BENNETT. Yes, sir.

I testified yesterday that I had thrown out the Russian losses of the International Harvester Company in 1917 and 1918 because I considered them as surplus adjustments rather than losses relating to those years. In figuring the relation of profits to investment for the year 1913 on, I did not eliminate from the Harvester Company profits the profits on its Russian business. Those extraordinary losses in Russian funds and currency in the years 1917 and 1918 were eliminated because they were accumulated losses and did not apply to those particular years.

Mr. LINDABURY. Why didn't you, then, take them out of the years in which they occurred and in which you entered profits?

Mr. BENNETT. Because the company did not attempt to allocate the losses of Russian currency and funds over the years in which they actually occurred. Neither was it incumbent upon the commission to readjust the accounts of any companies by losses for subsequent years and which the company did not take cognizance of in the year in which the actual loss might have occurred.

We allowed for all losses which were incurred just as we gave credit for all profits made, so long as the losses were not extraordinary losses or the profits extraordinary profits. I believe there were some profits arising from fire losses in some companies which were excluded from income. I believe there were some profits from a printing department of the International Harvester Company which we did not take into consideration. This is because we eliminated from the expense account where we were able similar items

which had nothing to do with the income from the implement business; for instance, contribution to the Red Cross, which I believe in one year was about \$750,000.00. We did not fail to include any profits derived at any time from the Russian business. If there was a loss in operation at any time in the Russian business, it was admitted.

Mr. ELLIOTT. If I understand you aright, losses that you did exclude as for the years 1917 and 1918 were excluded because they were not incurred in those years as you thought, but were incurred in prior years, in which years you charged the company with a profit on Russian business?

281 Mr. BENNETT. Not quite, sir; because some of the losses were incurred in the years in which those amounts were written off. They were also excluded in order to render the figures which were being submitted in the tables as and between manufacturers comparable as near as possibly they could be made so.

Part of these 1917 and 1918 losses were incurred during years in which the company was charged with profits, and may I—

Mr. LINDBLERY. I think you may, but that does seem to be a complete answer.

Mr. MYERS. Petitioner objects. Examination by several is in itself objectionable, but to cut off the witness in the middle of an answer is too much.

To the best of my recollection, and Mr. Reay can bear me out in this, after the year 1914, or it may have been even before, no returns were received from the Russian business, and I do not believe they were figured in at all, but in 1913, before the war, I believe they were.

282 In making up these tables on relation of income to investment, I considered cash investment and excluded good will, if it was not paid for in cash. I do not believe I included any good will in the Harvester Company. Under the definition of investment on page 80 of the report—namely, "Investment. This represents the actual cash or its equivalent"—it is a fact that in the case of many of these concerns there was good will recognized in their assets where it had been paid for at the time of organization. Of course, if the good will was artificially created, then we would eliminate it.

Mr. ELLIOTT. I think you stated with reference to the revision of the Harvester Company investment that you followed the recommendation as to value of the properties sold to the company in return for its stock in 1902 on the basis of the Bureau of Corporations' report.

Mr. BENNETT. I do not remember saying that; neither do I remember referring to the Bureau of Corporations' report with reference to the investment of the International Harvester Company. What I referred to, if I may be permitted to recall, is that the figures referred to prior to 1913, which are given in this last chapter, were, I believe, taken from the old Bureau of Corporations' report.

It did not interest me whether the investment was worth the amount of the capital stock issued for it. What interested me was how the investment was acquired. If the capital assets of the corporation had been increased simply through writing up the book value after appraisal, then that appreciation was disregarded. These tables showing the return on investment were prepared under my direction, and I obtained the figures from the books of the 283 Harvester Company. The book investment was cut down based upon figures supplied by the Harvester Company, at the request of the commission. I did attend the offices of the Harvester Company many times and had assistants working there two months or more, who, with the assistance of the officers and employees of the company, gathered the figures and facts needed to adjust that investment down to the actual investment shown in our tables. I actually supervised the work that was done on the books, record, and statements of the Harvester Company.

The last chapter of the report was written by John Knox Arnold. Referring to the figures beginning on page 664 for the period prior to the ones we were investigating, namely, 1913 to 1918, those were taken from the old examination of the Harvester Company made by the Bureau of Corporations; for instance, the 1910 figures. I do not pretend to know anything about them beyond the fact that they were from the report made by the Bureau of Corporations.

Mr. ELLIOTT. You do know, do you not, that this item referred to on page 670 of \$5,500,000.00, as a reduction made in the report of the Commissioner of Corporations, was thrown out by you in figuring your table of return to investment?

Mr. BENNETT. If I remember correctly, that adjustment occurred through transactions with regard to the ore mines in Minnesota. If I was aware that subsequent to the issue of that report of the Commissioner of Corporations the District Court in a proceeding of which this is a continuation made an express finding that the property turned in for the stock of this company at the time of its organization was worth more than the amount of stock issued therefor, I do not recall it.

Mr. ELLIOTT. If you had been aware of such a finding of the 284 court, you would not in this investigation have undertaken to reduce that amount of capital with which the institution started, would you?

Mr. BENNETT. In the first place, sir, if the commission wanted to put it in I should have had to put it in. In the second place, if I was arriving at what the property actually cost I should not worry whether the Supreme Court or any other court said that the property was worth what was given for it. I should be guided by what was paid for it. If property is paid for in stock and it can be proved that the consideration for the issuance was far less or far greater than the worth of the stock, then if the adjustment was not made, some reservation should be given when designating or reporting figures relating to that particular issue. I do not recall that,

in following the company's investment here as a basis for my table of return to investment, I gave any consideration to the finding of the District Court of the United States in this cause in 1914 on that subject.

Mr. LINDABURY. If you did, you disregarded it; if you did give consideration to it, you have overruled it?

Mr. BENNETT. I certainly did not overrule it. I would not presume to overrule the Supreme Court of the United States.

Redirect examination by Mr. MYERS:

The principal item in the manufacture of harvesting machines is steel. I do not believe any company owned its own steel mills other than the Harvester Company. In the various cost tables, in reference to which I have testified, the item of steel as far as the Harvester Company is concerned was included in intercompany profit. For instance, the steel entering into the cost of the grain binder was at the price the Wisconsin Steel Company billed to the 285 International Harvester Company. Therefore, the several cost tables do not reflect in any degree the advantage which the International Harvester Company might enjoy over its competitors as the result of its ownership of a steel mill. In my answer to the question of counsel based on a passage beginning on page 131 of petitioner's Exhibit (S) 90, the substance of which was that while the inflation of costs might have appeared in the records of other companies it did not appear in the records of the International Harvester Company, I was referring to the revised costs of all companies. I believe there was no inflation in the reported costs of the International Harvester Company as regards materials in 1916, because I do not believe the figures were changed. In 1918 there was. I cannot give you the exact figures, but the material costs were inflated by reason of taking the inventory on the basic inventory principle.

Referring to Tables XXXVII and XXXVIII, dealing with grain binders, concerning which I testified that in some instances productive labor had not been correctly allocated as between the foundry and the harvesting-machine shops, etc., these variations of course would affect the total cost sold, for in the ascertainment of a foundry cost they did not include any of the general factory burden or overhead. Based on my experience, all the revisions and adjustments made by me of the data obtained from the several companies in this investigation were fair and proper from an accountant's standpoint.

Mr. LINDABURY. You might add, complete.

In case of doubt, I invariably give the company the benefit.

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Recross-examination by Mr. LINDABURY:

I eliminated the inflation from the Harvester Company's report for 1918. Only one of the manufacturers inflated it in the same way the Harvester Company did, and a similar reduction was made in that instance. Inflation was found and allowed to stand

in the costs of most of the manufacturers. I took out of every company the inflation of the material costs where it was possible to take it out, but in the particular instance referred to of the International Harvester Company, the only other company comparable with the Harvester in its reported material costs, the inflation was eliminated in identically the same way. The reports of the manufacturers may have been inflated or understated, because, as I previously said, it was impossible to give correctly the manufacturing cost of all companies. The report in stating that they were found to be inflated generally, and were so left in my tables, is perfectly correct.

Mr. LINDBURY. It is not true as to the Harvester if you exclude the inflation of 1918, is it?

Mr. BENNETT. I have already answered that, that the Harvester Company was one of the exceptions to the rule.

Mr. LINDBURY. Will you say "Yes" or "No" to that?

Mr. BENNETT. Yes.

Mr. LINDBURY. It is not true as to the International?

Mr. BENNETT. No, sir.

Mr. ELLIOTT. You stated in answer to a question from Mr. Myers that where there was a doubt as to an item you resolved it in favor of the company. What do you mean by "in favor of the company?" Did you regard it as in favor of the company to leave an item in which inflated its costs, or as in favor of the company to strike out the doubtful item and decrease its costs?

Mr. BENNETT. Well, it was presumed that the costs and figures as reported by the companies, in their belief, were the actual costs and actual financial figures.

If a question arose as regards a material, for instance, and I did not believe the material cost as reported was right, and I did not have sufficient evidence to justify my changing it, I would leave it; I did not change it because I did not have a complete answer for the reason of my change.

If the company contended that any item was not inflated and I thought it was but had insufficient data to be certain, I left the inflation claimed by the company.

In speaking of resolving all doubts in favor of that company for the purposes of the present litigation, that would resolve the doubt against the Harvester Company. If that point caused the costs of the other manufacturers to be overstated, there were some points equally the other way, and all were treated alike.

Mr. LINDBURY. The witness did not speak accurately, though he generally does. What he meant was he resolved it in favor of a correctness of the company's report, not in favor of the company.

Mr. BENNETT. I thank you.

In the majority of instances the revised cost was less than the reported, but there were instances in the report where the revised cost was greater. There were instances where the manufacturer reported what I considered to be too low a cost, but if I could not

satisfy myself that I had good and proper grounds for raising the cost, I let it stand; and there were cases showing the reverse situation.

288 Mr. ELLIOTT. Those showing the reverse situation were in the majority?

Mr. LINDABURY. That will appear on inspection.

Mr. BENNETT. No; you will never find that out. You can not possibly find that out because the only way to do so is by an actual visit to find out from the companies how they made up their figures.

Mr. MYERS. Coming back to Mr. Lindabury's questions, I think you testified that the reason the Harvester Company might be regarded as an exception to the rule stated in the report that costs were largely inflated, was due to the fact that the International Harvester Company had an adequate cost accounting system; is that so?

Mr. BENNETT. That is so. I do not believe it was ever stated that they were grossly inflated. They were merely inflated.

Mr. MYERS. You stated yesterday, did you not, that at least some of the principal competitors of the International Harvester Company in the harvesting machine line also had adequate cost accounting methods?

Mr. BENNETT. Yes. I believe I mentioned other than the International Harvester Company, Deere & Company, Emerson Brantingham, and the Moline Plow Company. I am not suggesting that these companies' accounting systems were perfect, but they were such that the commission could obtain figures that were usable and reliable.

Mr. MYERS. Did those cost accounting systems employed by the three companies you have mentioned contain adequate safeguards against inflation as it is spoken of in the recital in the report?

289 Mr. BENNETT. I believe they did.

Mr. MYERS. So they are exceptions to the rule, as well as the International Harvester Company, are they?

Mr. BENNETT. Oh, yes; certainly.

Mr. LINDABURY. You say there is no inflation in any of the tables pertaining to their cost accounting?

Mr. BENNETT. Not that I am aware of, sir. But I would say there is not.

Mr. ELLIOTT. These tables at the end of the book which you referred to are all headed "Table of estimated cost"; were they not so termed because the majority of these companies never at the end of the year balanced their estimated costs with their books?

Mr. BENNETT. Yes; and also because I could not prove that they were actual. I do not know that Deere and Brantingham and Moline balanced out their estimated costs with our books.

Mr. MYERS. The figures for 1916, however, were the actual balanced figures by all companies, were they not?

Mr. BENNETT. If by "actual balanced figures" you mean did their cost figures tie up with their financial books; no, they were not; because they did not in practically all companies.

Mr. MYERS. I am speaking now with special reference to Deere, Moline, and Brantingham; is your answer true as to them?

Mr. BENNETT. My answer—In so far as the material cost, productive labor, and the total manufacturing cost are concerned, they are, I believe, the actual costs of those implements on which the costs were submitted.

290 MATTHEW C. McMILLAN, being duly sworn, testified as follows (Feb. 3, 1924):

Direct examination by Mr. MYERS:

I have been superintendent of industries of the Minnesota State Prison. I have been connected with that institution for twenty four years. That institution has been engaged in the manufacture of harvesting machines since 1907.

I produce a statement showing business solicited from Minnesota, Wisconsin, and other States, verified by myself.

(Offered in evidence as petitioner's Exhibit (S) 93.)

(Offered in evidence a statement showing dealers' list prices of Minnesota machines for each year from 1919 to 1923, inclusive, verified by Mr. McMillan, as petitioner's Exhibit (S) 94.)

291 (Offered in evidence a statement showing farm machinery, gross sales, and gross sales value, verified by Mr. McMillan, as petitioner's Exhibit (S) 95.)

(Offered in evidence memorandum farm machinery profit and loss, Minnesota State Prison, for the years 1918 to 1922, inclusive, verified by Mr. McMillan, as petitioner's Exhibit (S) 96.)

292 Cross-examination by Mr. LINDABURY:

The exhibit showing business solicited in the States named indicates not merely business solicited but production sold. Those are the principal States in which our machines are sold, although an application from any other place may be taken care of. We had dealers in some of those states before 1923, but we had 1,056 in that year. I am quite sure that is an increase over previous years, but as to the exact number I could not say offhand. I should estimate that there was a ten per cent increase in 1923 over 1922. The number ran about the same in 1919, 1920, 1921, and 1922. They were not agents; we sold to them, and they generally were engaged in other business also. They were established by us in the sense of selling our line only. The character of our trade and our method of disposing of our production is substantially the same as that of others who have testified. We sold to them at a price fixed and they sold at any price they pleased except in Minnesota, where we

293 established a retail price, which left them a fixed percentage of profit. Previous to 1923, we were free to do that. In 1923 a law was passed that fixed it and made it compulsory upon us to fix the resale price. The resale price was left to our discretion except that it could not be over a certain maximum, which was a percentage over cost, five per cent. In 1923 the price fixed was be-

low five per cent, on account of the demand of the farmers in Minnesota. It was fixed below cost, which we had discretion to do.

Approximately fifty per cent of our trade is in Minnesota. In every other State our dealers had liberty to fix any prices they chose. The other States are adjacent to Minnesota. We sold to the dealers in the adjoining States at the same price set for Minnesota. The 1920 prices were fixed for the consumer. Not having machines manufactured, we had only an estimate of cost. We sold the production to the dealers at a price somewhat below that at which he was required to sell to the farmer.

We had always fixed the price in Minnesota. We did not require the dealer to agree to sell at the price which we established. We enforced the restrictions on the resale price by advertising to the farmers the resale price as fixed f. o. b. Stillwater. The farmer could buy direct from Stillwater if he were overcharged.

Referring to Exhibit (S) 94, the letters "S. P." stand for "straight pole." The six-foot binders shown on the International and Deere lists are comparable with the six-foot "S. P." of our list. Most agricultural implement companies made a binder with a tongue truck. The six-foot binder with a straight pole is an ordinary standard implement.

294 Our prices remain constant throughout the year. They are announced before the first of the year. The dealers' list prices contained in Exhibit 94 are not the resale prices, but the price to the dealer.

The five-foot mower is an ordinary type, and compares in style and character with the ordinary five-foot mower put out by the trade generally. Both our six-foot and five-foot mowers are comparable in quality with similar sized binders and mowers manufactured by the Harvester Company and by Deere & Company. Our ten-foot, 26-tooth rake; 10-foot, 30-tooth rake; and 12-foot, 26-tooth rake, are standard sizes in common use, although there may be a little difference in the number of teeth in rakes manufactured by other companies.

Mr. LANDABURY. In quality and efficiency and cost of production they are comparable?

Mr. McMILLAN. Yes.

Mr. MYERS. Petitioner objects to the last question as to whether they are comparable in cost of production, it being manifestly not within the witness' knowledge.

I do not know why, with the price about the same as in 1919 and sales in 1920 about equal to sales in 1919, a loss was sustained on binders, mowers, and rakes in 1920 and a profit made in 1919. In the case of the next year a still greater loss, \$459,561, was sustained. Something over \$400,000 of that loss was inventory loss. The fact that in 1921 less than 25% of the number of binders sold in 1919 were sold, about half as many mowers, and a little more than half as many rakes, as appears on petitioner's Exhibit (S) 95, was due to

the farmers not buying, which was the result of general conditions, which were very bad in the locality in which we were dealing. 295 The reason was the low prices of the farmers' product, and that situation extended throughout the whole territory in which we deal. We make products other than those scheduled on the exhibits which were not affected by the depreciation—for instance, binder twine. We sold approximately as much binder twine in 1921 and 1922 as in 1919. Our principal competitors in the binder-twine business are the International Harvester Company and the Plymouth Cordage Company.

We did not make tillage implements.

Business in 1923 was markedly better than in 1922 and is starting still better for 1924.

Redirect examination by Mr. MYERS:

Labor and material are the principal items in the cost of manufacturing harvesting machines.

Mr. MYERS. Yes; but it has been the testimony of a number of manufacturers in this case that materials are the most important item in the cost of manufacture. Is that true in your case?

Mr. LINDABURY. Defendants object to the question as leading and suggestive.

I believe that steel is the principal item of cost. The Minnesota State Prison does not have iron mines, coal mines, blast furnaces, steel mills. We keep our labor employed almost constantly. We have kept our harvesting machine factory operating continuously throughout the period of its existence. We pay our employees in the harvesting-machine works. The pay varies. Some work at so much a day, and others work on a piece price. The average amount earned per man per day approximately 45c. The State pays for board and lodging and we pay the State so much per man. The 45c. is the average total directly paid to the inmates for compensation. Some of their families who are needy get their money indirectly out of what we call the "Support fund." 296 Such payments range from \$10 to \$55 per month, depending on the condition of the man's family and the number of children.

Recross examination by Mr. LINDABURY:

From 1919 to the present time we paid the State for board and lodging of our laborers from 32c to approximately 25c an hour. I know that in 1920 and in 1921 it was 32c, that is, 32c for eight hours. We work on an eight-hour schedule. The price is uniform for all laborers. The 45c is paid to the employee direct in addition to the board and lodging item paid to the State. The industry is charged per man with the 45c for the eight hours and 32c per hour paid to the State. The amount paid to the man is placed to his account monthly. He can draw it for some things. It is generally used by heads of families to be sent to the families. A man must

give all of his earnings to his family before we make any additional payments to the family. Such allowances to families are made monthly. They are frequently made. It depends partly on the ability of the man's wife and children to take care of themselves.

I entered this industry in 1907 or 1908 and have pursued it ever since. The business has been enlarged. We did not begin with the full line now produced. We began with the mower and then made the binder. The first ones were made in 1908 and 1909. Then we began to manufacture rakes shortly after that.

The only manner in which the farmers have been informed that we were selling implements below cost has been through statements to that effect made in addresses. I don't remember when or by whom.

297 It has not been the policy of our institution to apply the profit made on the sale of twine to the implement-production end of the business for the purpose of forcing down the price of implements to the detriment of, or in competition with, other implement producers. We have made a profit on binder twine right along. It goes into what is known as a revolving fund. We might say that out of that revolving fund we have been able to manufacture agricultural implements and sell them at a loss or below cost, but it has not been intentional.

Redirect examination by Mr. MYERS:

I have stated that in certain years we sold our machines at less than cost. The loss in 1921 was an inventory loss.

Recross examination by Mr. LINDBURY:

To the best of my knowledge, it is twelve years since we received an appropriation from the legislature. The money made is turned into our revolving fund. It remains the money of the State, and it might be termed as turning money back to the State. That fund is in the control of the legislature and it can do with it as it will.

That has usually been the case.

298 FRED D. STONE, being duly sworn, testified as follows (Feb. 5, 1924):

Direct examination by Mr. MYERS:

My residence is Lincoln, Nebraska. I am manager of the service department of the First National Bank. I represent the bank and am personally trustee in bankruptcy of the Yale and Hopewell Company. I represent the bank and am personally trustee. I have been familiar with the water supply and implement business for twenty-five years. I was formerly with the Dempster Mill Company of Beatrice, Nebraska.

The Yale & Hopewell Company has been located in Lincoln since 1915. The Plattner-Yale Manufacturing Company was incorporated August 8, 1915. The articles of incorporation were amended on December 15, 1919, changing the name to the Yale & Hopewell Company.

The Plattner Implement Company was located in Denver, Colorado. Mr. Yale, who had been a water supply and implement man in Nebraska for a number of years, joined with the Plattner Implement Company, and the organization moved to Lincoln, Nebraska. After the reorganization in 1915 they did not continue to manufacture in Colorado but took up the manufacture of implements at Lincoln. The Plattner Implement Company had manufactured a mower. The implements manufactured by the Yale & Hopewell Company were the hayrake and hay stacker, called a sweep rake.

I was appointed trustee of the Yale & Hopewell Company on February 15, 1923.

I think they had practically discontinued the manufacture of hay tools in 1921.

Before I was appointed trustee, I was a very small stockholder in the company.

I produce a statement of hay stackers and sweep rakes sold in the United States by the Yale & Hopewell Company, 1919-1923, inclusive.

(Offered in evidence as petitioner's Exhibit (S) 97.)

A sweep rake is a rake made largely of steel and wood that sweeps the hay onto it and carries it to the stacker. It is dumped onto the stacker, and the stacker elevated to the stack for the purpose of stacking it in the field. The stacker and the rake are two separate tools, but they are largely sold together and make a combined piece of machinery.

I produce a statement of jobbers handling the Yale & Hopewell Company's sweep rakes and hay stackers, showing the number purchased by each and the prices paid for same, 1919-1923, inclusive.

(Offered in evidence as petitioner's Exhibit (S) 98.)

I produce a statement of the assets and liabilities of the Yale & Hopewell Company as of December 30, 1922.

(Offered in evidence as petitioner's Exhibit (S) 99.)

The plants of the Yale & Hopewell Company were sold by the trustee on May 19 to Charles D. Ammon. He disposed of the greater part of the stock and was using part of the plant for the manufacture of other lines. The manufacture of hay tools has been discontinued.

Cross-examination by Mr. ELLIOTT:

The name of the last concern was the Yale & Hopewell Company. Besides stackers and sweep rakes they made pumps, windmills, cylinders, valves, and pump jacks and a general line of water tools. They were operating in all those lines in 1919 and 1920, and all of them have been discontinued.

The sales of stackers and sweep rakes in 1920 were from two and a half to three times as great as in 1919.

I was a stockholder at that time.

Since the slump in 1921 the general-implement and water-supply business has been slow. I would not say that none of our lines of

business did not keep up well during 1921 and 1922. There was a marked difference between 1920 and 1921.

I was in charge of the business from December, 1922, until the date the bankruptcy petition was filed.

I was in the public accounting business at the time the Plattner Implement business was brought to Lincoln. I went out as a representative of the chamber of commerce of Lincoln and got them to locate in Lincoln. That was instrumental in my being a very small stockholder. From then on I was asked several times to review their statements, and for over a period of six months I outlined two or three reorganization plans, which they were unable to consummate. This indebtedness originated partly in 1920 and partly in 1921, being their material purchases and their borrowings. The losses in 1920 and 1921 I would not call inventory losses. They resulted from lack of business and being caught with a large volume of business which fell off very rapidly in the latter part of 1920. They had made preparations to some extent to meet a large volume of business which did not materialize when farm products dropped. I have reason to believe that the company did not know what the costs of production were for a number of those years. I recognize that the unfavorable conditions met in the last three years, and particularly at the end of 1920, had to do largely with the present condition of the company.

304 GEORGE S. MESSINGER, being duly sworn, testified as follows (Feb. 5, 1924):

Direct examination by Mr. MYERS:

My residence is Tatamy, Pennsylvania. I am treasurer and general manager of the Messinger Manufacturing Company, which produces farming implements; that is, threshers, engines, mowers, rakes and tedders, cultivators, corn shellers, fodder cutters, cultivators, plows, and crop and cotton dusters.

I produce a statement showing the number of rakes, tedders, and mowers sold by the Messinger Manufacturing Company, the dealers to whom sold, the list price discount, actual price of each machine sold, together with the number sold direct to farmers and the actual prices, with totals.

(Offered in evidence as petitioner's Exhibit (S) 100.)

305 I produce a similar statement for the year 1920.

(Offered in evidence as petitioner's Exhibit (S) 101.)

I produce a similar statement for 1921.

(Offered in evidence as petitioner's Exhibit (S) 102.)

I produce a similar statement for the year 1922.

(Offered in evidence as petitioner's Exhibit (S) 103.)

I produce a similar statement for the year 1923.

(Offered in evidence as petitioner's Exhibit (S) 104.)

306 Mr. MYERS. Referring now to petitioner's Exhibit (S) 105, covering the year 1922, will you state what is meant by the item here "List price"?

Mr. MESSINGER. That is the list price of the implement priced in that line. For instance, the first line is two tedders, list price \$130.00 for the two tedders. Second line is two rakes. Third line is three mowers. I have only one implement in a line. That is the total list price.

The statement is tabulated so as to get the total number of rakes, mowers, and tedders at the bottom of a column.

I produce a financial statement as of December 31, 1922.

(Offered in evidence as petitioner's Exhibit (S) 105.)

307 Cross-examination by Mr. LINDABURY:

Our principal implement line is the thresher, which we have been making about 35 years and in which we have developed a rather large trade. We make gasoline engines. Our separators are not cream separators but grain separators; the term applied at the time cleaning was added to the old-style thresher about 30 years ago.

(Catalogue for 1912 identified by witness and the latest catalogue of the Messinger Manufacturing Company identified by witness, were marked defendants' Exhibits (S) 4 and (S) 5, respectively.)

The most important line after the separator is corn shellers, which have been made for a good many years. The next is fodder cutters.

At the present time we have no great trade in gasoline engines.
308 We make both portable and stationary gasoline engines. Our mower is known as the "Empire." We make plows with a wooden beam called the Keystone chilled plow. We make both wood and steel land rollers. We make steam hot-water heaters during the winter months. We make clothes washers.

Our works are five miles north of Easton, Pa., up the Bushkill Creek.

Our business as a whole in 1923 was considerably better than in 1922, and 1922 was better than 1921. We suffered from the general depression in the two or three years following 1920, principally in 1921. The trouble was the drop in prices occasioned by the general depression. The largest loss was in 1921, due to shrinkage in inventory.

We publish a list price with discounts to dealers which we have done for over 20 years. That covers all implement lines. A few implement manufacturers follow that practice, but it is not general.

309 HERBERT F. PERKINS, being duly sworn, testified as follows (Feb. 6, 1924):

Direct examination by Mr. MYERS:

I am first vice president of the International Harvester Company and president of the Wisconsin Steel Company. I was with the International Harvester Company at the time of its organization as manager of the McCormick purchasing department. At the beginning of the second year I became manager of purchasing for the

International Harvester Company, and so continued until about 1906, when I took charge of the steel and lumber interests department, known as the raw-material group, and have continued in charge of this group ever since. I had charge for five years of all the manufacturing interests in this country and abroad, including the raw material group. About a year ago I was made first vice president, an executive position, retaining the detail work merely of this raw-material group which I had grown up with.

A statement of contract prices of steel products from the Wisconsin Works to the International Harvester Company and from the Wisconsin Steel Works to other customers for the years 1919 to 1923, inclusive, and from 1914 to 1918, inclusive, was prepared under my direction and is correct.

These prices are f. o. b. Chicago base. Our shipments go in all directions, with varying freight rates, and in order to get a comparison of the prices it was necessary to furnish a single base for the price, so they are brought to the Chicago base. For instance, if we sold steel on a ten-cent freight rate at a delivered price of \$2.10 a hundred pounds, the Chicago price would be \$2.00 a hundred.

For the years 1914 to 1919, inclusive, my instructions to the selling manager in regard to freight rate were these:
310 Whenever you sell goods in any given district, the price you have to get is the prevailing market price delivered at that point, and you have to figure on that as your competitive basis and then figure your freight back to shipping point.

Mr. MYERS. I show you a photostat copy of what purports to be a contract in triplicate of the Wisconsin Steel Company, dated February 22, 1913. It states in this contract, "It is understood that the prices written on this contract are based on the present rate of freight from Pittsburgh to destination; and in the event of an increase in, or decrease from, said published tariff the prices herein written will be correspondingly changed." Was that provision contained in most or all of your contracts during that time?

Oh, no. There were a number of them written on that basis, quite as much for the protection of the customer as the maker in order that he would not be put to a disadvantage by a decline in freight rate from his Pittsburgh competitor for our business.

Mr. MYERS. I will show you another form of contract of the International Harvester Company for the sale of steel, dated September 7, 1906. This contract recites: "It is further understood that should the United States Steel Corporation, Jones & Laughlin Steel Company, Republic Iron and Steel Company, Cambria Steel Company or Lackawanna Steel Company, during the term of this contract, make effective a lower general price on bars and shapes than that herein provided, the buyer shall submit his orders to the seller at said reduced price, with the understanding that should the seller decline to accept these orders at such prices it will then become the buyer's right to place

same elsewhere at his pleasure and reduce his contract obligation by the tonnage involved."

311 That is a copy of a contract which I signed for practically a full year, and apparently the customer wished to secure himself with a satisfactory source of supply, but wished to be guaranteed against a decline in prices which would put him in a noncompetitive condition with his other customers, and so he was given a partial guaranty of price. Provided we wished to meet the market it was our option to guarantee the price or not.

The practice of selling steel from the Chicago district on the basis of base price plus freight from Pittsburgh to destination has not been observed generally in the trade for a long time. My best recollection is that we have not quoted on the Pittsburgh basis since some time in 1921. Prior to that it was a common practice in the steel industry. It was constantly not being observed by all people in the trade. It was a convenience rather than anything else. Our change was voluntary and without any relation to what other concerns were doing in regard to the matter.

Mr. MYERS. I have here a contract as late as December 30, 1919, which I will show you and ask if you recognize it; and I will ask you to state whether or not it contains the same clause with reference to the Pittsburgh freight?

This is apparently a photograph of one of our sales contracts that contains a clause to the same purport and has my signature and approval.

I am not personally acquainted with freight rates on steel and changes therein during the last 10 or 12 years.

I think there were two reasons for this practice of quoting steel on the basis of Pittsburgh plus. First, it simplified the figuring of any sales manager very materially because he had only one point to deal with, and the tariff to the consumer's point as 312 the other figure; and also because many buyers preferred it because it gave them an easier understanding of what the market price of steel really was. Our company did not originate it. I do not know who did. The fact that for a long time the steel industry was largely centered in Pittsburgh naturally had some weight.

Taking the prices for the years 1914 to 1918, there would be added to those prices to give the actual prices paid by the consumer for the steel; first, freight adjustment; second, extras on sizes and cost. By freight adjustment is meant this: If the freight from Chicago to the customer's works was ten cents, this being the Chicago base price, he had to pay the Chicago base price plus ten cents a hundred upon all freight plus the extras for the various grades and sizes of steel contained in his shipment.

I recognize this contract shown to me by counsel, dated June 1914, between F. F. Smith Wire & Iron Works, Chicago, and the Wisconsin Steel Company. The contract contains a clause similar to

the one quoted from the contract last exhibited. Another contract dated January 3, 1914, between the same parties contains a similar clause, as does a contract dated February 3, 1915, between the same parties. A contract between Stupp Brothers Bridge and Iron Company, St. Louis, Missouri, and the Wisconsin Steel, dated June 7, 1915, contains the same clause; also a contract between the Aeromotor Company, Chicago, and the Wisconsin Steel, dated June 23, 1915, and another contract with Stupp Brothers, dated October 26, 1915, contain the same clause.

Mr. LINDABURY. Defendants object to this testimony on the ground it is irrelevant.

Contract between the F. F. Smith Wire and Iron Works, Chicago, and the Wisconsin Steel Company, dated August 6, 1919, contains the same clause.

313 A contract between Richards-Wilcox Manufacturing Company, Aurora, Illinois, and the Wisconsin Steel Company, dated December 18, 1919, I have identified.

Mr. LINDABURY. I again object to this testimony and ask counsel to state upon the record in what respect he claims it to be relevant.

These contracts were all in our standard form for use at that time. (Offered in evidence as petitioner's Exhibit (S) 107.)

Mr. LINDABURY. Defendants object to the evidence on the ground it is irrelevant and immaterial.

Mr. MYERS. We will ask that in copying the exhibit into the record the printed portions and the typewritten portions of the contract be designated.

314 Mr. MYERS. Did the introduction of the by-product cokeovens affect the relative costs of coal and iron ore going to make up a ton of steel?

Mr. PINKINS. The price of by-product coke to a purchaser is making the cost of pig iron higher at present. That is a question of the market, the relative price of by-product beehive coal to the consumer.

Formerly with the beehive cokeovens nothing was saved in the process but the coke. What the exhibits put in evidence may show as being realized from the sale of by-products is not just so much velvet over what was formerly realized in the coking process, because the cost of the plant and the depreciation on the plant are enormous items entering into the cost.

Mr. MYERS. Whatever is shown as profit, not as gross returns, on the sale of those items, is over and above what was formerly obtained, is it not?

Mr. LINDABURY. Defendant object to the question for the reason the figures are not put before the witness, and he ought not to be requested to answer with regard to some assumed profits which are not shown to him.

Mr. MYERS. Whereas formerly steel plants located nearer the coal than the ore had an advantage over plants located nearer the ore than the coal, the situation was reversed by the introduction of this

process and by other practices introduced into the steel trade in recent years, was it not?

Mr. PERKINS. That is also a problem, because the radical changes in freight are injecting an element of very serious consideration into the by-product operators that are distant from the mines.

Mr. MYERS. Are you able to say whether or not the Chicago district at this time is a more economical assembling point than the Pittsburgh district for steel?

315 Mr. LINDABURY. Defendants object to the question on the ground that it is irrelevant.

Cross-examination by Mr. LINDABURY:

Prices on the first page of the statement with respect to contract prices of steel products f. o. b. Chicago, 1919 to 1923, are averages. The prices to the International Harvester Company shown are agreement prices covering a period of time.

(Offered in evidence 1922 report to stockholders of International Harvester Company, as petitioner's Exhibit (S) 108.)

316 HENRY W. BELL, being duly sworn, testified as follows (Mar. 25, 1924):

Direct examination by Mr. MYERS:

My residence is Washington, D. C. I am special attorney to the Federal Trade Commission. I appear in response to a subpoena duces tecum addressed to Otis B. Johnson, secretary of the Federal Trade Commission, "or such assistant as he may designate." I was designated by Mr. Johnson to appear in his stead.

The Attorney General, several weeks ago, requested the Federal Trade Commission to furnish keys to certain tables in the report of the Federal Trade Commission on the causes of the high cost of farm implements. The Federal Trade Commission refused and continued to refuse, although several requests were made, one in writing. After the subpoena duces tecum was served the commission contacted the Attorney General and asked to be advised concerning its authority under this subpoena, and the Attorney General advised that the Federal Trade Commission must obey this subpoena duces tecum and produce the records. It was specifically stated by the Attorney General to the Federal Trade Commission that the keys were to be kept in camera. I produce now the keys to the names of the companies in specified cost tables in the report on the causes of the high prices of farm implements.

Mr. MYERS. Pursuant to stipulations wherein it was agreed that counsel for the Government would endeavor to obtain these keys, and wherein it was further agreed that they might be marked as "Defendant's Exhibit (S) 25" for identification and kept in camera, I now furnish said keys.

317 JAMES W. ALLEN, recalled, testified as follows (Mar. 25, 1924):

Direct examination by Mr. MYERS:

I have prepared a statement of prices of steel bars and shapes 1919-1923, showing (1) price of purchases from other steel companies by the International Harvester Company, (2) prices paid for shipments from the Wisconsin Steel Works to the International Harvester Works, (3) sale price of steel bars from the Wisconsin Steel Works to other customers, and (4) sale price per net ton of 2,000 lbs. (Chicago base) of the Illinois Steel Company, which is correct. In arriving at the figures for quarters in column "4" I have assumed that the price given on one date extended to the price given in the next date in the exhibit from which all these figures are taken. I received that information from Mr. White of the Federal Trade Commission. There is such similarity between the figures of shipments from the Wisconsin Steel Company in column 2 and the sales price figures of the Illinois Steel Company in column 4 as to indicate that such assumption is correct.

(Offered in evidence as petitioner's Exhibit (S) 109.)

318 I have prepared a statement entitled "Illinois Steel, price of steel bars, Pittsburg and Chicago, 1919-1923," which has been checked and found to be correct.

(Offered in evidence as petitioner's Exhibit (S) 110.)

319 (Statement entitled "Typical records of International Harvester Company showing basis for billing steel products of the Wisconsin Steel Works to the International Harvester Manufacturing Plants," produced by defendants at request of the Government, is offered in evidence as petitioner's Exhibit (S) 111.)

320 (Statement entitled "International Harvester Company, statement of contract prices of steel products f. o. b. Chicago, base, 1919 to 1923, 1914 to 1918," produced by defendants at request of Government and identified by the witness Perkins is offered in evidence as petitioner's Exhibit (S) 112.)

321 ANSWERING DEFENDANTS' EVIDENCE

322 A. E. MCKINSTRY, being duly sworn, testified as follows (Feb. 7, 8, 1924):

Direct examination by Mr. LEXINGTON

I am vice president of the International Harvester Company and president of the International Harvester Company of America. I have had for 5 years general supervision of sales, organization of the branch houses, and supervision of contracts with dealers.

I came to the Harvester Company on its formation. I was district sales manager for Canada four years; superintendent of the plant at Hamilton 5 years; in the manufacturing department in Chicago two years; then in the experimental department until appointed to my present position. When in the experimental department I had

supervision of designing and building new machines which required an understanding of the farmers' wants.

I have a correct statement, recently made up under my supervision from data in the Chicago office, showing the dealers handling the agricultural implements of the Harvester Company and of other manufacturers in fifteen States. These fifteen States are those in which agricultural implements are principally sold, and they embrace the territory from the Alleghenies to the Rockies north of the Ohio River.

Approximately 75 per cent to 80 per cent of the harvesting machines are sold there. I sent written instructions to our branch managers as to how to collect the data on which the statement is based and forms on which to report this data. I received their returns.

The paper handed me is the report of the Minneapolis branch house for the Clara City Farmers' Elevator Company of Chippewa, Minn. I have all the returns from this branch as to every dealer in the territory here for the Government's inspection. The same thing was done in respect to each dealer in these 15 States. I sent out two letters of instructions.

I have a knowledge of the dealer situation sufficient to form an estimate as to the number in the various States. The statement I produced accords with that estimate. There are, roughly, 40,000 dealers in the United States, and we are doing business with about 13,000. The statement shows that in the territory in question we do business with about 36 per cent of the dealers in that territory.

I produce statement showing number of dealers in the territory described handling products of the Harvester Company and its competitors.

(Offered in evidence as defendants' Exhibit (S) 6.)

I produce letters of instruction to the branch managers and the sample forms sent to them on which to make their returns with supporting affidavits.

(Offered in evidence as defendants' Exhibit (S) 7.)

We got returns from all the States which we entered on the statement, each verified by affidavit. All of these returns are at the disposal of the Government for examination.

The territory covered is the same as that covered in the census taken in the former proceeding and described in the note on the bottom of page 4 of Vol. XV of the record in that proceeding, namely: Kansas, Oklahoma (except the southeastern part), Missouri (except the southeastern part), Nebraska (except the northwestern part), South Dakota (east of the Missouri River), North Dakota (east and north of the Missouri River), Minnesota (except the northeastern part), Wisconsin (except the extreme northern part), Iowa, Illinois (except the extreme southern portion), Indiana, the southern part of Michigan, Ohio, western New York, and a few of the northwest counties of Pennsylvania.

The first column of defendants' Exhibit (S) 6 is the number of Ford dealers who handle Fordson tractors and agricultural implements sold in connection therewith—3,578. The next column includes all the other retail implement dealers—15,979. The fourth column gives the number of dealers handling exclusively Harvester Company goods—803. The next column gives the number who handle competitors' goods but none of ours (12,459). The next gives the number who handle both Harvester Company goods and competitors' goods (6,255).

Petitioner objected to all of the examination and the exhibit so far as it related to other than harvesting implements.

325 There are in the territory described, as shown by the exhibit, 2,892 dealers who handle our tractors and no other; 9,760 who handle only competing tractors; 2,377 who handle our tractor and competing tractors; 3,847 who handle either our binders, or our mowers or our rakes, and no competitors'; 6,871 who handle either our competitors' binders or mowers or rakes and do not handle ours, and 2,999 who handle both ours and competitors'; 1,787 handle our plows exclusively; 11,504 handle the plows of our competitors but not ours; 4,546 handle both our plows and those of our competitors.

We discontinued, under the decree of 1918, 4,778 dealers who during the last year they did business with us sold \$17,377,246 worth of our goods.

The census I described relates to the 1923 season. In making up the recapitulation from the data furnished by the branch houses we eliminated 492 dealers who handled only gasoline engines or only cream separators or only gasoline engines and cream separators. We left them out because they were border-line cases and not clearly agricultural implement dealers.

In 1919 the agricultural implement trade was prosperous, and we had difficulty in getting the materials to make sufficient machines. We were unable to supply the demand. The first half of 1920 was similar. This led dealers to try to anticipate their demands by getting stocks earlier.

Petitioner objected to the foregoing testimony on the ground that it had no bearing on the question whether the decree of 1918

326 had had the effect to restore competitive conditions in the harvesting machine industry, which is the only issue in the

cause, since the considerations attempted to be set up as a defense manifestly would not excuse the performance of an ordinary commercial contract, much less would they excuse compliance with, or be permitted to defeat the purpose of, the decretal order entered in pursuance of an agreement between the United States and the defendants herein, and especially in view of the fact that the test period set up in the decree was at the request of the defendants.

We generally obtain our orders for a season during the preceding fall. For 1921 we took orders in some territories early in 1920, beginning in July. We obtain orders by canvassing the trade through

our blockmen and salesmen. We took specifications which named no price because conditions were so uncertain we could not name a price. We took the orders to ascertain the quantity of goods the trade would require. The volume of orders we received was the largest we ever had.

In June, 1920, the Federal Government relinquished control of wheat prices and they began to fall. The situation became acute in November and December, 1920.

Wheat was selling at about \$1.50 a bushel early in 1921 and reached \$1 a bushel in that year; other grains and livestock declined very greatly.

The orders we took in the middle of 1920 were not filled. We announced our prices in November—an increase over the preceding year due to increase in the cost of labor and manufacturing cost generally, which had never been so high. We decreased our prices in the spring of 1921 and in the fall of that year—the
327 decreases were greater than the increase in November—but they did not restore the situation.

The orders taken in 1920 for 1921 were canceled almost entirely. During 1921 we solicited orders for 1922 and met with little success. They did not exceed more than 15 per cent or 20 per cent of those we got in 1920 for 1921. Our cancellations of the orders taken in 1920 for 1921 covered 295,000 machines, extending to the entire range of implements we make, and represented about \$47,000,000.

The proportions of cancellations on harvesting machines were substantially the same as on other implements. The object of the price reductions was to meet the depressed conditions in agriculture. They were justified at the time by replacement costs but not by the actual costs. The company lost a great deal of money. The farmers' power to buy was greatly reduced; they repaired old machines, exchanged machines with their neighbors, and resorted to many expedients to avoid buying new machines. Farm organizations passed resolutions relative to the subject. This situation affected all manufacturers. Its effect was greater on the implement industry than on the general trade.

The reduction in prices was greater in farm products than on other commodities.

The first implement company to reduce prices was Oliver & Company. Ford reduced the price of his tractors. He entered the tractor business in 1916 and 1917.

We have met since 1918 with keen, active competition in the various localities in which we market our products. Our principal competitors in the harvesting machines are Deere, Massey-
328 Harris, Moline, and the State prison. The latter is confined to the northwest; the remainder extends throughout the country. There is no locality where the Harvester Company does not meet keen and active competition in the sale of its harvesting machines.

Sales are made through dealers who in turn sell to farmers—by either canvassing the farmer to buy or else the farmers come to the dealers' stores.

The change in the sulky hayrake business has been very marked. The hay crop is harvested in many localities by side-delivery rakes and hay loaders instead of sulky hayrakes. The companies which entered the Harvester Company at the time of its formation made sulky steel rakes only. The side-delivery rake, which the Harvester Company now makes, was introduced some years later. All of its leading competitors make side-delivery rakes. The hay loader and the side-delivery rake as a unit have displaced both the sulky hay rake and the tedder. The side-delivery rakes the hay into a wind row and the hay loader puts it on the wagon. The tedder was made by only one company that went into the Harvester Company. The new combined rake and tedder will either rake or ted; it was introduced in 1915 or 1916.

These machines have taken the place of the sulky steel rake to the extent that the Harvester Company's trade in them is not over 20 per cent of what it was when that company was formed.

The importance of the grain binder is not as great as when the Harvester Company was formed. In western Kansas and Nebraska, in parts of Texas and Oklahoma, in Utah and Idaho, and in the Pacific Coast States the combination reaper-thresher is used.

It was introduced as a big machine in California years ago—
329 as an individual machine to take the grain binder's place, it was introduced about 1915, 1916. It cuts the grain, threshes it, and delivers it in a sack ready for market. They are adapted to localities where the grain ripens and stands until can be threshed.

Binders and mowers have been improved so that they last longer and with the marked increased lives of the machines their sales have lessened.

I have not observed any locality where there has been an abatement of competition in the sale of harvesting machines or any obstruction to the free operation of that competition or any restraint upon the harvester machinery industry or other farm implement industry.

The entry of the Ford Company in the tractor business has had a very marked effect upon the implement business. While that company makes no farm implements, other manufacturers, to a very marked degree, and in practically all localities in the United States, have adapted their implements for use with that tractor until the Ford tractor is the central unit around which the implement business is swinging. These adapted implements are sold through the Ford dealers substantially everywhere in the United States, and this trade is increasing markedly. Deere & Co., the Oliver Co., Moline Co., Emerson Brantingham Co.—substantially all manufacturers other than the Harvester Co.—are doing this.

We sell a tractor and implements to be used with it, but our tractor trade is only 10 per cent of Ford's.

The Harvester Company dealers do not commonly sell Harvester tractors along with implements of other concerns. Therefore
 1291 our dealers have our tractor and implements to sell in competition with those who sell tractors and implement as a unit.

Of the 4,778 dealers we discontinued approximately 50 per cent took up the sale of competing lines of harvesting machinery.

There are mowers made called cutter-bar mowers which go with tractors and thus the operator can cut more hay, both because the cutter bar is usually seven feet as against five feet for the horse-drawn mower and because it travels more rapidly than with the horse.

There are four sizes of binders made—5, 6, 7, and 8 feet. The 7-foot is most used. With a tractor they use an eight foot, and machines are being made for tractors up to 10 and 12 feet. When drawn by a tractor they move two-thirds faster than when drawn by horses and with the greater width do twice the work.

Cross-examination by Mr. MYERS:

Before the Harvester Company was formed I was with the Deering Co. The principal concerns then making harvesting machines were the McCormick, Deering, Osborne, Champion, Milwaukee, and Plano, in the order of their importance. The Osborne, Champion, and Milwaukee were well-known machines.

They have since declined in importance. The McCormick and Deering have declined rapidly in the last few years.

Defendants objected to foregoing cross-examination on ground that petitioner's counsel should confine his cross-examination to the direct.

131 In making up this statement showing the total number of dealers, divided into those handling goods of the Harvester Company, goods of competitors, and both the goods of the Harvester Company and those of competitors we rejected 402 dealers. These dealers handled only cream separators or gasoline engines or both, and we considered them border line cases and did not include them in this statement. The exhibit does not include dealers who handle repair parts only. If a dealer had binders of the Harvester Company and repair parts of a competitor he would be included as handling only the machines of the Harvester Company.

The Massey Harris business is not largely confined to New England—it is spread pretty well out over the United States.

The Avery & Sons' business is to a large extent confined to the South. Business in this territory has not been depressed in the last two or three years as it has in other territories, the Northwest and Southwest, and it is natural that a larger percentage of their business should be in that territory.

The number of dealers handling the Harvester Company's binders, mowers, or rakes, including those doing so exclusively and otherwise, as shown by the census is 6,846. In 1923 the Harvester

Company sold 39,161 grain binders in the United States. That would be between 4 and 5 to a dealer.

Defendants objected to the foregoing testimony on the ground that it was based on a false premise, one set of figures including the whole country, and the other fifteen States.

The dealers handling competing binders, mowers, or rakes number 9,870. Assuming in 1923, 12,221 binders were sold by other companies, that would make between 1 and 2 binders per dealer on the above basis. The census is not prepared to show the number handling grain binders—it says "handling binders, or mowers, or rakes."

Figured on the same basis and assuming the figures in the record correct as to the sale of the competitors, the Harvester Company dealers sold between 10 and 11 mowers per dealer in 1923, and the competitors' dealers between 4 and 5; the Harvester Company dealers sold a little over 4 rakes per dealer and the competitors' dealers about 1.6.

Generally speaking, prior to 1914 the Deering and McCormick lines were in the hands of more desirable and better equipped dealers than the Champion, Osborne, and Milwaukee lines. In discontinuing dealers we tried to retain the best dealers we had in a town. The loss of the 4,778 dealers who had done a business with us in the year previous of \$17,377,246 meant a loss to the Harvester Company of an opportunity to repeat that amount of business the following year, for the discontinued dealer, as a rule, succeeded in holding his old customers. The local dealer had a good will and his old customers kept coming to him for repairs for the line he had been obliged to give up, and then he sold them competing goods.

The years 1919 and 1920 were banner years in the business of the Harvester Company. Our balance sheet would have been larger in 1919 and 1920 if we had not been deprived of the opportunity of doing business with these dealers. We had more business than we could handle. There have been constant improvements in binders since 1913 designed to increase the life of the machine and its availability for the crops it is supposed to cut, but offhand I can not say what they are.

In the "Ford dealer equipment directory—special equipment for Fordson tractors" catalogue which you hand me there are no grain binders listed; there are mowers made by the Roderick Loan Manufacturing Company, of Mansfield, Ohio (p. 37 of the directory), the Tractor Appliance Company (p. 43). These are designed to mow farm crops. There is also a mower equipment on p. 42, a complete machine with a hitch to be used made by the Thomas Manufacturing Co.

I find no hayrake listed, but they use ordinary hayrakes in connection with the Ford tractor. (Defendant's Exhibit (S)-8 omitted.)

My opinion is that there were more McCormick binders and more Deering binders sold in 1922 than Deere binders.

Redirect examination by Mr. LINDABURY:

The four hundred dealers eliminated from defendant's Exhibit (S) 6 appear by localities by comparing that statement with the returns made by our branch managers.

On page 4 of the Ford dealers' equipment directory there is mentioned "binder hitches," which are used to attach binder to tractor. I know of no reason why the binders should not be used efficiently with the Fordson tractor, and they are.

Repairs for the machines of the Harvester Company are made by other manufacturers whom we call "pirates" and who sell their products to the Harvester Company dealers and our discontinued dealers. We sell our repairs through the dealers that we retained.

(Ford dealers' equipment directory is introduced in evidence as defendant's Exhibit (S) 8.)

Recross examination by Mr. MYERS:

235 The binder hitches can be used on any kind of binder. The repair parts sold by dealers other than Harvester Company dealers which fit our machines are all made by these so-called "pirates." Some discontinued dealers retained their stock of repairs and may have some of those original parts still on hand. A farmer, however, nine cases out of ten, does not know that the dealer has lost the Harvester Company line. He asks for a section for a Deering mower; he names the machine for which he desires the repair part, not the manufacturer.

236 JOHN ALLEN BROOKBANK, being duly sworn, testified as follows (Feb. 8, 1924):

Direct examination by Mr. LINDABURY:

I live in Indianapolis, Indiana; I have been a branch manager of the International Harvester Company at various points since the inception of the company and have been located successively in Calgary, Alberta, from 1906 to 1913; in Edmonton, Alberta, the territory of which comprised the northern half of Alberta, the northern half of British Columbia, and territory north of those Provinces, from December 1, 1913, to October, 1919; in Richmond, Indiana, the territory of which comprised fifteen counties in Indiana and Ohio, from October, 1919, to November, 1922; in Indianapolis, Indiana, the territory of which comprised twenty-two and a half counties, since 1922.

I began to take the census of dealers in the twenty-two and a half counties over which I have supervision about the first of August, 1923, and finished about the middle of September. I visited six hundred points in the territory and endeavored to cover every dealer handling agricultural implements. I received a list of instructions similar to those already put in evidence. I followed them exactly and made returns on the forms supplied. I signed the form headed "Crouch & Foster, Oaklandon, Marion, Indiana."

and recognize it as one of the returns made by me. They were checked, signed, sworn to, and forwarded to the Chicago office of the International Harvester Company. I made a summary of the census.

(Offered in evidence Crouch & Foster return as defendant's Exhibit (S) 9.)

337 This summary of the census of implement dealers in the portion of the State of Indiana covered by the branch house territory of the International Harvester Company at Indianapolis was signed and sworn to by me and was sent with the complete compilation of the census and it is intended to be correct.

(Offered in evidence as Defendant's Exhibit (S) 10.)

338 Trade at the Richmond, Indiana, branch was exceptionally good when I took charge in October, 1919, and continued to be for the remainder of the year and the first half of 1920.

(Counsel for petitioner noted a reference to his general objection to testimony with reference to conditions.)

I obtained orders for agricultural implements by having a man under my supervision call on the dealers and solicit business. Orders were solicited following the seasonal use of the implements, in June or July following the tillage season, then following the harvesting season, and during the balance of the year. The 1921 business solicited in the summer of 1920 was as heavy or heavier than the 1920 business. There had been a shortage of the requirements for filling orders.

Market conditions in the farming community began to slump following the elimination of the Government guarantee on the wheat price, I believe in June, 1920.

The farmers commenced threshing immediately following the harvesting, at that time about the first of July. I was interested personally through our own farm operation and sold wheat the first two weeks of July at two dollars and sixty-three cents a bushel. The market for farm products declined from that time. At the end of the year, wheat was around a dollar and a half a bushel, and was close to a dollar a bushel before the end of 1921. Other farm products declined correspondingly. We did not take orders at a price in 1921 because we had not quoted any price. The object in taking such orders was to ascertain the requirements. The price was quoted in November, 1920. All of the orders taken that summer were not filled. Prices were submitted to dealers under contracts written

without prices and when submitted to dealers for confirmation they objected and canceled. Price reductions were announced later, but dealers continued to cancel or declined to take throughout the year. I should say approximately one third of the orders were taken when delivery time came.

In the summer of 1921 we canvassed for the 1922 trade and obtained between one third and one half as many orders as for 1921, and there were some cancellations. In order to get in their crops

during 1921 and 1922, the farmers exchanged help, borrowed machines, hired machines, and fixed up old machines. A recession in the price of farm products created a severe situation among the farmers, and the 1920 crop was an expensive one for them to put in because labor, implements, fertilizers, and seeds were high.

Trade in 1922 was better than in 1921 and improved in 1923. The dealers handling our goods met with strong competition throughout the territory, both in the harvesting line and in the sale of other farm implements.

The leading crops in my territory are wheat, corn, oats, and hay.

The competition from other manufacturers extends generally throughout all the counties I spoke of. One manufacturer may have the leading trade in one locality and another manufacturer in another locality. A locality in which a competitor of the International Harvester Company leads is Greenwood, Indiana, and the competitor is the John Deere dealer.

The Fordson tractors are sold in my locality to a large extent, both alone and in combination with farming implements. Those who handle the two together are principally Ford dealers. They claim to be making headway, and I would say they are. They sell the Fordson Tractor, which calls for the sale of implements to go with it, and naturally they handle the lines the trade requires to operate with that machine. There are farm implements of all kinds

made to go with the Fordson tractor, and they are sold in most localities in every county in my territory. They have been pushing this system of selling ever since I have been in the territory.

(Offered in evidence the census return of Potter & Blankenship as defendant's Exhibit (8) 11.)

Potter & Blankenship handle the product of the Moline Power Company, John Deere Company, Massey Harris Harvester Company, and Oliver Chilled Plow Company.

The return of Reed Bros., Peru, Indiana, is one of mine. They handle Case Plow Works, Oliver Chilled Plow Company, and American Seeding Machine Company.

(Offered in evidence as defendant's Exhibit (8) 12.)

I have found some of the dealers who handle nothing but the International, some who handle no International goods, and some who handle both, as is shown on these sheets.

Cross-examination by Mr. MYERS:

Crouch & Foster handle the International machines only.

In our branch house in Indianapolis we have an office force and a field force. The office force is comprised of accountants, bookkeepers, the credit man, and the stenographic force. At the present time the number is six. The number varies depending upon the volume of business and the season of the year. We have had more in the past. We have block men connected with our branch office, whose function is to supervise the contracting and taking of orders

and the selling of our product to the dealers. They generally have definite territories, depending upon the number of dealers each can supervise efficiently. In our branch house territory we have five block men; one man has five counties, another five and one-half, and the other three have four counties each. The number of salesmen varies with the seasons. At the height of our selling season we generally have about two to a block man. In addition to the foregoing we have the motor-truck department, more or less segregated and individualized as to its line. We have separate block men and salesmen who confine their efforts exclusively to motor trucks, and have two or three expert repair men. We have men who come from the main office of the International Harvester Company who give talks to the force at our office.

We sell a great many more binders, mowers, and rakes in our territory than any of our competitors. In making my census I encountered and included many dealers who are handling the Mo-

line line. I believe I recall one instance where the dealer 343 was handling the Walter A. Wood line. I think he had a mower or so on hand. I have never encountered Walter A. Wood competition in my territory.

In taking my census I did not encounter any dealers handling the Acme lines of harvesting machines. I have not encountered many since 1919. I have not encountered any of the Independent Harvester Company machines. The competition we met was from Massey-Harris, who are quite active, the John Deere Plow Company, our leading competitor, the Moline Plow Company, the Avery Company, and the Emerson-Brantingham Company. The John Deere Plow Company and Massey-Harris have branch houses in Indianapolis, and Emerson-Brantingham had until quite recently—I think about the first of December. I believe neither of these has a force comparable with ours.

I have urged upon the dealers handling the International Harvester Company line the necessity of using a distinctively marked truck as "Red top" in soliciting business, but they are not required to use it, and less than half do. The dealers of our competitors fix up trucks and make them use distinctive colors.

I testified that I had received \$2.63 a bushel for wheat. I had never gotten that much before. I had no reason at that time to expect an immediate decline. I have spent the major part of my life in the United States and was raised on a farm, and have been familiar with farm conditions both as a farmer and as an implement dealer pretty continuously down to the present time. There have been a good many alternating periods of inflation and depression in 344 farm products in my experience. I recall some instances of conditions in 1893. Things were pretty bad for the farmer as for everyone else. I was in the implement business at that time. I recall there was something of a panic in 1907 and 1908, and a very marked depression about 1913, which extended until the consumption of American goods by foreign countries during the early

period of the war relieved it. An advance in prices began in 1916, and until 1921 they were abnormally inflated and the agricultural industry of the United States had experienced constantly recurring periods of prosperity, and the depression from which the farmer is just now emerging and concerning which I have just testified, while perhaps greater in degree, is not an unusual thing. Beginning with 1921 there was a considerable falling off in the purchasing power of the farmer, and, as a result, there were many cancellations of orders. We endeavored to have everyone keep his contract and did not offer to accept cancellations.

I was a branch manager in this country when dealers were being discontinued in pursuance to the decree in this case, commencing October, 1919. We reduced the contracts to one representative in a town, endeavoring in each case to retain the best one. The retention of a dealer depended upon his value in connection with the line he was handling. The dealer handling the McCormick or Deering line was not necessarily the dealer retained.

No retail implement store in my territory is owned in whole or in part by the International Harvester Company.

345 ALEXANDER LEGGE, being duly sworn, testified as follows (Mar. 26-28, 1924):

Direct examination by Mr. LINDBERGH:

I have had thirty-three years' experience in the agricultural implement business; eleven years with McCormick Harvester Machine Company, 1890 to 1902, in various capacities—traveling salesman, collector, branch sales manager, branch collection manager, and finally manager of the collection department at Chicago; with the International Harvester Company since its organization, assistant general manager, 1907 to 1913, general manager, 1913 to 1919, vice president and general manager, 1919 to 1922, and president from 1922 to date. During the war I spent twenty-one months in the Government service, part of the time as manager of the allied purchasing commission and the rest as vice chairman of the War Industries Board. The activities of that board were the conversion of peace-time industries to the production of war material.

I was in close touch with the settlement negotiations in 1918 resulting in the dismissal of our appeal in the Supreme Court and entry of the consent decree, and am familiar with the reasons why that consent was given.

When the original suit was filed in 1912 we found it affected seriously the company's standing abroad, and at that time practically fifty per cent of our business was export. In 1913, with the consent of the Government and for the purpose of conducting the foreign trade, the foreign properties of the company and certain of the new-line factories not directly involved in the litigation were segregated into a new company known as the International Harvester Corporation. The havoc brought about by the war seriously cripp-

pled this corporation, its capital being tied up in Russia and Germany and its plant property in France being largely destroyed, etc. We anticipated the necessity of rebuilding and reorganizing our entire foreign business immediately after peace was declared and found it impracticable to do this while the suit was pending. While the International Harvester Corporation and its products were not directly involved in the litigation, there were certain reservations as to the jurisdiction of the court over its affairs in the event of an unfavorable decision, so that it was not in shape to do any independent financing, even if it had otherwise been able to do so. The case had already been argued twice in the Supreme Court and had been referred back for a third argument, and when it came up on the calendar the Government announced the policy that they would not continue with the trial of any antitrust cases until after the war. The Steel Corporation case and other antitrust cases were also on the calendar. This situation led the company to enter negotiations which led to the consent decree.

The investment in the Osborne, Champion, and Milwaukee lines when acquired by the International Harvester Company was about twenty-five per cent of the investment in the Deering and McCormick lines. These three lines had been in existence for many years and were quite well known to the trade, but their trade had not been quite as general as the trade of the western factories. The Osborne trade was more largely an export proposition, the factory location giving them an advantage in freights. The Champion trade was fairly strong in the Central and Southern States with a scattering of business elsewhere and some good jobbing accounts on the Pacific coast. The Milwaukee was the smallest of the plants acquired by the Harvester Company and had pursued the policy of rather limited production marketed generally in the Central States tributary to Milwaukee, with very little business east of Ohio or west of the Missouri River, except a jobbing contract at Portland, Oregon, giving them a nice business on the coast.

The charge in the supplemental petition that the Harvester Company had for many years before 1918 pursued a policy of smothering these three lines in the interest of the development of the McCormick and Deering lines is not true.

In the case of the Osborne line, because of the location of the plant, we sought to increase its export business and made less effort to sell it in the territory west of Chicago than we did the other lines, with the exception of the Pacific coast, where the trade on the Osborne was kept up pretty well; but the major growth was in the foreign field, where we made a substantial progress both in the sale of harvesting machines and other lines developed and manufactured at the Auburn plant.

In the case of the Champion line, we made the worst venture from the trade standpoint. Efforts were made in 1903 to expand into territory previously worked but little, but it developed there were some rather serious engineering mistakes in designing the goods prior to

the time they were acquired, and the trade did not develop as we had hoped.

Referring to the Milwaukee line, in the limited territory in which it had been sold, we had—perhaps unconscious of it at the time—reached the point of replacement, and there was no longer any expansion of farms, no new soil coming under cultivation, and a very marked dropping off in the demand. That applied rather more heavily to all of these three lines than it did to the other machines whose trade was strong in the Western States. When we attempted to sell the Milwaukee line more generally we found the machine was a little light for the western trade, and after some experience we rebuilt it, bringing it up to the strength and capacity of the other lines. That development took place in 1910 or 1912.

The Milwaukee line had been continued since the decree of November, 1918, but ceased to have any sales value to us, especially in the domestic trade. Every dealer knew that we were ordered to sell the line. It was in the position of being in the hands of a receiver, and they didn't know, if they undertook to develop a trade in Milwaukee machines or even to continue the trade on the Milwaukee machines which they might have previously held, whether they would get the supply from us next year or from some one else, and it was not in a position where it was possible for us to maintain any substantial business.

The Harvester Company advertised the three lines quite as well as the Deering and McCormick and made the same relative effort to sell them.

The falling off in sales of these three lines was due to many elements involving questions of judgment. We undertook to market these goods through the same branch houses and the same salesmen, and learned to our sorrow that in our judgment it can not be done. It is difficult to train a class of salesmen to carry a large line of implements of different types, and impossible, in my opinion, to form an organization that can successfully carry separate lines of nearly identical tools constructed to do the same work. Our salesman would naturally follow the line of least resistance; and if he was assured of a contract in a town, the first one he would give the choice of what he wanted and the second one would take the second choice; and if any line did not happen to have very much of a trade or following in that community it seemed to be beyond his ability to place it satisfactorily. The arrangements with the local dealers throughout the country were made by these traveling salesmen, with an occasional exception when the branch-house manager might make a contract.

Another element during this period was the development of competition. The Massey-Harris came over and bought the Johnston plant, the Moline Plow Company acquired the Adriance plant and started an aggressive campaign in the West, the Acme business was reorganized and for a while expanded rather rapidly, and Deere came in with an entirely new line of binders. All this competition for trade naturally hurt the smaller lines, as we

called them, more in proportion than it did those which were more firmly established.

Another element was the diminishing number of local agents or dealers. Between 1913 and 1918 the number of the company's local representatives decreased approximately ten thousand. This was partly through increased competition, as explained, and partly through the change from the old system of commission contracts to the straight sale contract basis, which involved a credit element resulting in the elimination of a good many accounts, the credit resources not being sufficient to justify the hazard of selling the goods. This reduction in distributors resulted in bunching the lines to maintain representation and protect the customers on repair service. Contracts for two or sometimes more lines were placed with the same dealer. The dealers did not take to that very kindly, as it involved an additional expense to them, duplicating repair stocks, and various other inconveniences, and did not give as efficient service on two or more lines made by the same manufacturer as they had given on the sale of a single line. As presented to us by our salesmen who were endeavoring to cover the territory on all lines, the dealers stated that this created confusion. Their facilities were not such that they could keep them separate without more or less expense, and the stock argument was that, inasmuch as we owned both of the lines, it did not make any difference to us whether they sold thirty machines of three different kinds or thirty of one line. Why should we insist on their carrying this duplication?

Regarding the change from the commission contract to sale contract basis, the old system was the commission contract in which the dealer signed an agreement to receive the goods, pay the freight, and for such sales as he made to receive a commission; the stock on hand remained the property of the company at all times and the proceeds in the form of farmers' notes were turned over to the company in payment for the goods. Discontinuance of commission contracts occurred generally in 1917. We had previously made some little progress towards straight selling basis in a limited territory. The commission plan was a constant temptation to local dealers to order liberally and let the company carry the surplus; it involved constant adjustments because of the depreciation of goods not properly housed and cared for by dealers; it was an expensive and undesirable means of marketing the goods. Not until after the passage of Federal reserve act giving broader financing capacity to the country banker, particularly on farm paper, did it seem possible to secure adequate representation of goods on sales basis.

The higher costs of the Osborne, Milwaukee, and Champion machines was largely a question as to the relation of product to investment and the facilities for producing.

In the case of the Milwaukee, for the reasons I have given, we found the trade too small to make the proposition attractive to us. That difference in cost was finally taken care of by transferring

equipment to the McCormick plant, since which time the cost of the Milwaukee goods and the McCormick have been practically identical.

At the time the Milwaukee line was sold, it was of the same class and utility as the McCormick and Deering. This line has recently been sold to the Moline Plow Company. The contract was finally closed within the last month.

In the case of the Osborne line, in pursuance of the policy of pushing it abroad, we continued the manufacture there of the heavier machine. My recollection is one hundred eighty-five pounds, or something like that, more than the same size of machines built in the other plants. It was popular in the foreign trade. In fact for years we built in our Deering line a special heavy machine to meet that same situation, one for export and one for domestic. That added weight increased the cost somewhat at Auburn. We also had a period

351 of a few years where we had some rather serious letting down in the efficiency of administration of the plant, coupled with some labor troubles that resulted in several minor strikes, tying up the plant at various times. That was eventually cleared up and new management installed, but we were still handicapped somewhat in the more expensive construction of the Osborne line for the European trade. One of the conditions of sale under which it was sold to Mr. Brantingham was that we should correct that with our engineering force; that we should bring down the weight of the Osborne machine to a weight comparable with the Deering and McCormick machines of the same size. This was done, and in the last year that we made goods there for Mr. Brantingham, 1920, which was in fact the last year in which there has been any binder trade worth mentioning in the United States, we succeeded in getting a cost that was fairly comparable with that of our practice in the Chicago factories, being, I believe, within a dollar a binder in cost, as between Osborne and McCormick in 1920, and on a basis of seven thousand binders at Auburn compared with the manufacture of around fifty thousand at the McCormick plant in the same year. On mowers we did even a little better, the Auburn cost in 1920 being slightly lower than the McCormick, which theretofore had held the record for low cost of production on mowers. Several times as many mowers were manufactured at McCormick plant as at the Auburn plant, that year. In turning the goods over to Mr. Brantingham we felt that we had brought the line back to a competitive condition in every way with the best practice of our Chicago factories. The Osborne line was then comparable in weight and quality and cost with the McCormick and Deering. In 1920 the Osborne plant was used to around seventy-five per cent of its capacity. When we get about seventy-five per cent we get satisfactory costs.

Regarding the costs of the Champion line, our experience with the Champion was the most unhappy of any. We started out to introduce it more generally in those territories where the former owners had not pushed the trade, and found that we could not do so as

it was then constructed, and our first efforts to rebuild it were carried on under the engineers who were employed at the plant
352 at the time we acquired it, whom we thought should be in better position to do the rebuilding than anyone less familiar with the line, but they made rather a failure of the job, and after spending several years at it we had to dismiss the bunch and start over again. The new staff was supplied largely from our Deering works, and they did succeed in rebuilding the Champion line, but again we had an unfortunate experience. We had a demand from South America for a long line of these large machines, push machines, headers, and twelve-foot binders, from a big jobbing firm down there, J. & J. Drysdale. Because of the location of the Champion plant, a little closer to seaboard and having a little handicap in freights in supplying the Dakotas and the western wheat fields and a like advantage in freights in shipping through the Gulf or Atlantic ports to South America, we selected the Champion plant to produce this line, and did produce it, building up a substantial trade there, when the jobbers demanding the line had some difference among themselves and discontinued the implement business entirely, so that attempt to put the plant back on its feet was an unhappy one. As a result of all this we had a very low volume of business in the Champion plant.

At and for some time before the time of the sale of the Champion line, the Champion works was running at something less than fifty per cent of capacity.

The operations at the Osborne and Champion plants in 1919 and 1920 were not confined to harvesting lines. In both plants we were trying to fill in the surplus capacity with other lines but had met with greater success on those lines at Auburn than we had on those at Springfield.

At the time the Champion line was turned over to the purchaser, the general line of harvesters and mowers had been rebuilt twice with some additional rebuilding on a few features, and the push machines had been in process of development over a period of years.

The entire line was in good condition when sold. I believe it
353 was fully equal to anything we had. The same engineers who were responsible for the design of the Deering and McCormick had assisted in the redesigning of the Champion, with instructions to produce the best that they were capable of producing, and they produced a good line. It was so designed that it could be produced at a cost comparable, other circumstances being equal, with the Deering and McCormick.

There is an advantage to an agricultural implement concern in taking on a harvester line. It saves the expense of distribution of goods, enabling them to book railroad orders by including some harvesting machinery where they might not have sufficient tonnage on other lines. It gives them a marked advantage in distributing expense, permitting them to use their salesmen continuously through-

out the year, and thus to attract and retain the services of a better class of salesmen than can be attracted to a short-line proposition with intermittent employment. There is a very distinct advantage to such concerns desiring to take on a harvester line in acquiring an existing established line rather than developing a new one. First, whatever element of stability or good will went with the line they acquired and, what is still more important, the elimination of the engineering development uncertainties that usually go with the production of any new farm tool. Further, they would acquire a certain amount of repair business on machines already in the field which helps to attract dealers, as the demand for those repairs brings a customer to the dealer's store.

In my judgment, the acquisition of the Osborne line by the purchaser of that line is calculated to lead to the development and increased sales of the line. This is because of the reasons given above and the further reason that the purchaser of the Osborne line acquired a considerable number of dealers who had previously handled it, many of whom perhaps had not handled any of the other tools made by the party acquiring the line, which would give them a truer contact with the retail distributors, in addition to which they have the advantage of making carload deliveries. Further, Rock-

354 ford is a far better point to manufacture for the domestic trade. Mr. Brantingham explained to us that he did not expect to push very hard in the foreign field, having very little export business on his other lines, and wished to manufacture largely for the domestic trade and the transfer of equipment to his factory at Rockford brought his source of production right to the heart of the grain territory for the domestic trade.

Further, Mr. Brantingham's customers on the Rockford plows and other tools manufactured and sold by Emerson-Brantingham never having had a harvester line, it was the natural channel of trade for them; that is, the grain binder and corn binder. He had sold previously a mower. One line helps to sell another. The farmer comes in town in the spring to a dealer to buy a plow or tillage tool or harrow or cultivator, and whatever goods he buys prove to be satisfactory, he very naturally goes back to the same place when he wants something else, and, in turn, the dealer, if he is efficient and attending to his business, will ascertain when the man is negotiating for his cultivator or plow as to his probable needs in implements later on, and in that way picks up many prospects and follows them up and sends the fellow some advertising and really has the inside track in securing that farmer's order for drills and binders and other goods which follow later in the season.

What I have said with respect to the Osborne line applies also to the Champion and Milwaukee.

The advantages (above mentioned) did materialize to a marked extent in 1919 and 1920, during which period the purchasers of the Osborne and Champion lines doubled or more than doubled the number of machines that we were selling of those particular lines.

Since 1920 there has not been any business in implements worth mentioning. The sales of Avery & Sons and Emerson-Brantingham Company of the Champion and Osborne lines in 1919 and 1920 were such as might be reasonably expected as a normal development of the business resulting from acquisition and union of those lines to the particular existing lines of the manufacturing companies.

353 Their volume of business in 1920 was restricted somewhat because it ran considerably above the estimates for which they had made provision. I recall that we increased the orders in both cases to meet their demands, but I am sure that in the case of Avery we were not successful in shipping them all of the machines that were asked for. I have no doubt whatever of the success of the purchasers of these three lines in their manufacture and sale in the future under normal conditions.

The years 1921 and 1922 furnished no test of the ability of these purchasers to develop and market those lines.

Mr. MYERS, Petitioner wishes to note a reference to the standing objection against testimony as to the conditions, offered in extenuation or explanation of the failure of the decree in this case to achieve its declared purpose, namely, to restore competitive conditions in the harvesting-machine industry, particularly in view of the fact that the test period in question was inserted in the decree at the suggestion of the defendants.

It was a period of liquidation and in very many cases the implement or machine of any kind sold to a farmer was whatever happened to be on hand with the dealer at the time of the crash in the fall of 1920, because by no power or argument or persuasion could you sell him anything after that until he had cleaned up stock on hand which, with many of them, occupied the full period of 1921 and 1922. I have never known of such a situation in the trade as that which existed during those years, and hope that I may never know of another. My first experience was with the economic depression in 'seventy-three, and I remember those that occurred since. This was not like any of them. The situation presented in these years (1920 and 1922) naturally affect a new business more severely than an old-established one. The buying did not slow down but virtually stopped. The old-established lines were found in the stocks of the dealers to a greater extent than would be true of somebody who was coming in new, and naturally he fell heir to what little business the dealer had, the proposition being one of liquidation both on the part of the dealer and manufacturer.

354 In the implement trade orders are customarily taken for future delivery. We try to obtain orders as far in advance as possible for the purpose of ascertaining as accurately as we can the kinds and sizes of the various articles which the trade is likely to demand in the coming year, these orders being the best judgment we can get as to what the dealer is likely to want, and when we can get those before manufacturing orders are placed with the factory.

it is of marked assistance in purchasing material and laying out our manufacturing schedule.

The year 1919 was a prosperous year in the implement business. The trade started off rather slowly in the spring with a feeling of hesitation after the armistice, but buying developed in a vigorous manner and finished strong; 1920 was a feverish boom-buying year, during the first seven or eight months of the year the manufacture and delivery of implements being seriously interfered with by labor troubles. We had the so-called outlaw switchmen's strike which tied up transportation very badly in Chicago territory, and we had the coal strike lasting from April until fall, which cut down the supply of fuel and coke to the extent that it closed up many of the blast furnaces throughout the country, all of which created shortages and delays in filling orders both as to obtaining material and shipping manufactured goods. The demand was higher than normal. The first half of 1920 the shortages and delays tended to multiply the demand. The farmer with to-day's facilities of telephones and automobiles probably inquires of a number of sources of supply when he wants an article and is unable to obtain it—each one of them think they have lost a sale. Our orders in 1920 for 1921 delivery were the largest we ever had. They came in fairly good volume for quite a little while after some of us realized the demand was over. The curtailment of buying set in about October, 1920. We did not fill all the orders taken in 1920 for 1921. We suffered cancellations of something like forty-two million dollars worth of them. We had early orders, as I recall it, for some fifty thousand binders, and we delivered in total in 1921 twenty thousand binders, and a number of those were sold subsequently. The rest
357 were canceled.

My judgment is that in 1922 the sale of our company's harvesting implements to the ultimate consumer, the farmer, did not exceed the percentage in 1921. A different policy was followed by the various houses: The dealer handling our competitors' lines in many cases simply overstocked in 1921, while in our case we accepted cancellations freely and consequently had a relatively better delivery in 1922, because there were less goods between us and the ultimate consumer than was the case with our competitors at the close of 1921.

The five harvesting lines acquired by the Harvester Company had been generally distributed through different retail dealers or commission agents.

358 We tried to carry on the organization as it existed at that time and to secure wherever possible separate representation for the different lines of goods. This was advantageous from a business point of view. We have never found that the same local merchants give as efficient service—dividing his effort on duplication of practically identical articles—as when devoting his time to the sale of a single line. While occasionally we found a merchant who liked to make contracts for all of them, it was not a very effi-

cient means for retail distribution. If there were five dealers in a town, we would try to place the lines with separate dealers if we could, but seldom succeeded in actually obtaining separate representation for all five lines in any one town. If there were three dealers, we would try to sell our lines to each of the three. This was strictly for the business reasons already mentioned.

In the original suit there was a great deal of complaint on the part of the Government against this practice. I was present at the argument at St. Paul and in the Supreme Court. The claim of the Government was that this practice was obstructing the channels of trade, making it more difficult for competitors to find an outlet for their goods, because, as they contended, it was a monopoly of the source of distribution. Our position was that it was strictly a business proposition. Our experience with a dealer handling two or more lines of our make was unsatisfactory, so we placed them separately wherever we could. The Government insisted on this contention throughout the case, and the decree of 1918 confined the Harvester Company to distribution through a single dealer in a town.

This decree resulted in eliminating from our list of customers some forty-seven hundred-odd dealers, who in the year preceding their elimination had sold for us something over \$17,000,000 worth of the company's products. These dealers made other arrangements for their supply and continued in the trade, the majority of them, at least. I do not know of any that discontinued as retail dealers simply because of this change. There was ample opportunity to purchase their supply of harvesting machinery from others.

359 Mr. MYERS. I note an objection to that statement. The question was as to what dealers actually did. It does not appear that the witness has kept track of the dealers or that he knows what the individual dealers did.

Sometimes we were able to choose which dealer to retain in a town, and frequently not. It was purely a business negotiation in which two parties were interested. The dealer frequently preferred to secure his supply from some one else because of other trade reasons. Regarding the advantage to our competitors of forming connections with these discontinued dealers, they were experienced people in the implement business, at least, we tried to have our contracts with experienced people. The local dealer of any standing and efficiency experienced in the business has a clientele of farmer customers who come to him for requirements, and they would naturally come to this fellow for repairs for the machines they had previously sold for us. He usually retained the stock of repairs he had on hand and replenished those by purchases from other makers, so that he capitalized the experience to his own benefit and indirectly to the benefit of the competitors who placed their goods with him. The good will of the local dealer, now that he has become an independent dealer rather than an agent, is the most important factor in the successful conduct of the implement

business to-day, because the question of distribution is the last test of successful or unsuccessful business.

There is a very substantial good will in the trade other than the good will of the manufacturer. In my judgment the effectiveness of the retail channels of distribution is the most important factor in the trade—the good will of the local dealer and his efficiency as a distributor.

Regarding the ability of discontinued dealers to hold their old customers through repair business: They had repair stocks probably bought from us at the time of severing of relations, but all of the wearing parts on harvesting machinery and many other agri-
360 cultural implements are manufactured by quite a number of manufacturers who specialize in that business. They are usually referred to as "pirates." They are capitalizing the development of the trade by the manufacturer who developed the business on that line which they step in and duplicate. There is no difficulty in getting repair parts from these independent manufacturers for any of the wearing parts. Occasionally a part that is only displaced by accident is not called for in sufficient quantities to make it attractive to the so-called pirates. After discontinuing the dealers we furnished repair parts only to our retained distributor.

The same reasons I have mentioned making the service of the dealer unsatisfactory and inefficient in selling two or more of our lines continued to apply after the 1918 decree to the two that we had left, and inevitably led to our going to one line throughout the entire line of manufacture known as the McCormick-Deering line. This problem was a matter of some difference of opinion and discussion for a year or two after the entering of the decree.

Before going to the one line we tried to find out whether it was practicable from a business standpoint to market both lines through one dealer rather than combine the lines. We tried it out. The making of this change involved some considerable time. In the grain binder, which perhaps involved the most changes on our part and our facilities, we first put out the present machine in 1921 and were not entirely pleased with the efforts of the engineers to combine the best features of both, as we tried to do, in the construction of that machine, as we had to back up and do it over again. A few were put out in 1921, which were not satisfactory. In 1922 the difficulties were overcome, and in 1923 we put out some five or six thousand of the combined machines. The only reason we did not put out more was that we found ourselves heavily stocked at the close of 1922 with machines of the former models, and obviously we could not disturb that situation until we had liquidated our inventory. We are no longer making the former models in binders except for a few foreign accounts. The combination line
361 applies to every implement in the harvester line except corn binders where two distinct types, the vertical and horizontal, have been continued because used for different purposes and and for different conditions of the corn crop met in different parts

of the country. That is the reason for continuing the two models. In our domestic factories we are no longer making the two lines known as Deering and McCormick except, as I said, a few machines on foreign contracts which we have not yet been able to bring to the new model.

We have done our best to incorporate in the new line the best features of both the McCormick and Deering. It is practically a fifty-fifty proposition so far as the grain binder is concerned. The change was not made in anticipation of the filing of this petition, but for natural economic reasons. When it was made we had no anticipation of this petition or of any similar proceeding being instituted. We were at work on this line for years before there was any suggestion of anything of the kind. All of these changes involved considerable expense. It is considerable of an engineering job to amalgamate the cutting apparatus of one machine with the binding apparatus of another. It has involved three years of active experimenting and engineering work, and following that a rather radical change in the shop equipment for producing the machine as redesigned.

The avenues for distribution of harvesting machines are not controlled or in any way obstructed by the Harvester Company.

Three distinct systems or methods of distributing agricultural implements are employed by various manufacturers, with possibly some modifications of each: (1) Distribution through local merchants with branch houses supplying machines and repairs; (2) mail-order houses at the other extreme, having no local merchant, marketing direct through advertising and shipping direct from factories to individual farmer; (3) in between these is a group of manufacturers, some of whom have for many years followed the policy of eliminating distributing expense, selling goods to the local merchant direct from the factory, usually on a cash-with-bill-of-lading basis, and leaving the local merchant to secure his repair supplies from the factory.

The theory of the first method is to bring the source of supply nearer the consumer and give better service so he can obtain repairs more quickly and expert assistance in case of difficulty. The advantage of this and the necessity are decreasing somewhat with improvement in transportation, the introduction of parcel post providing an inexpensive means by which repair parts can be delivered promptly from long distance, and the further gain in the standardization of the line of goods as a whole. It is certainly much easier to compete on either the second or third system than it was twenty years ago. Two-thirds to three-fourths of the implement trade is still supplied under the old branch-house and transfer house system which grew up years ago, but the percentage supplied through the mail-order and intermediate system is increasing.

The principal mail-order houses are Sears-Roebuck and Montgomery Ward at Chicago, but there are quite a large number of people

doing a mail-order business, some in Kansas City and various distributing centers throughout the country.

The theory of the intermediate plan is that the local dealer should supply the service rather than the manufacturer, in consideration of which he is given a lower price as compared with competitive goods sold through the branch-house system. We stock repair parts and machines at these branch houses, which relieves the dealer of the necessity of carrying in his stock as large a supply. Under the intermediate system he must necessarily order more liberally to take care of expected trade than if he had a branch-house supply within fifty or a hundred miles. We afford service to the farmer when called for in caring for troubles that he encounters without expense to the farmer or dealer.

I can not see that the Harvester Company has any advantages over its competitors in the harvester line in the distribution of its products.

All competitors marketing goods on a similar system maintain a certain number of branch houses—as many in proportion to 363 the volume of business perhaps as we have. Sometimes they are subdivided into what they call transfer or supply houses, but in reality they serve the same purpose, providing a stock of machines and repairs within close proximity to the trade. Deere & Co., Masey Harris Co., Emerson Brantingham Co., and B. F. Avery & Sons follow this same method of distribution. The Moline Plow Company follow the intermediate system. They do maintain a few branch houses, but a very limited number in comparison with the others; and the mail-order houses supply haying machinery direct from the factory. Quite different prices are charged by the manufacturers under the different systems. Our branch houses are a heritage from conditions of the past which were somewhat different from those of to-day, and, frankly, some of them have become rather a burden. We have in some territories to-day more than we need and more than we would establish if we were starting out with a new organization to-day. The Harvester Company has within eight or ten as many branch houses at the present time as it ever had, but we have not anywhere near as many as the several companies whose business we acquired had maintained in years past. It is a rather an embarrassing and difficult matter to discontinue a branch house in a locality where you have once established it—creates more or less resentment in the trade among those who have become accustomed to depend on that source of supply—and yet the branch-house expense has been excessive in comparison with the volume of business it is possible to secure, the past three years particularly. Our competitors using the branch-house system, in my judgment, have an adequate supply of them.

The introduction of the truck was a natural effort on the part of the dealer and ourselves to meet the new and growing competition of the tractor companies which, in some of the larger cases, were auto-

mobile concerns; in the canvass of the territory in the sale of automobiles these garage men, automobile and tractor dealers were in more or less daily contact with the farmers. They did not wait for him to come to town. They were calling on him at the farm and were in this way securing a considerable percentage of the farmers' business on other goods, on tractors, and automobiles. In an effort to meet that, many of the local implement dealers bought various trucks and automobiles for canvassing purposes. A great many more did not. The Harvester Company, to stimulate the meeting of this condition on the part of its dealer customers, put out a special offer of a light truck which it was making and selling to the trade at that time as an inducement to speed up the activity of the local dealer, equipping himself with facilities with which he could fairly meet the new competition. Similar facilities are used by competitive dealers, but they seldom buy our trucks; they buy an automobile, second-hand car, or light truck of some other make. I think you will find very few active, live implement dealers that have not a conveyance of some kind to-day to meet that purpose.

The so-called retail store is merely an outgrowth of the condition that has existed in the implement business during all the years that I have been engaged in it. From my earliest recollection it has been necessary occasionally for a manufacturer to extend in some form financial assistance to a local merchant who may have ability and ambition but has not the necessary capital to carry on. And that was often done in carrying open accounts or long-term notes. And it became apparently a little more acute after we went to the sale basis, because the amount of the capital required on the part of the dealer was substantially greater than under the old commission form. Usually in the years gone by the dealer eventually either brought in, induced other capital to come in, or earned enough money to take that burden off the manufacturer's hands. The so-called branch store that has been referred to here is simply an incorporating of the concern locally, as a more convenient method by which that might be carried out, because it involved in that case no taking of inventory, no question of depreciation on stock or machines or repairs or anything else except the mere acquiring of the shares by the local partner as he was able to acquire them. For that reason, commencing I think in 1919-'18 or '19—we incorporated some four or five of those local retail implement companies. After the tremendous slump in business in 1921 we were forced to extend this relief to the local situation in an additional number of places. I think we had a total of twenty-six at one time—twenty-six or seven—in the United States. Under normal business conditions we perhaps should have disposed of the greater part of these, at least the majority, ere this, but the business had been so slack and discouraging the past three years that the ordinary progress of what used to happen in like cases has not really applied in 1921, '22, or '23. We hope these stores are not a permanent invest-

ment. If you know of any man who has the money to buy them we will be glad to consider a proposition. The retail store was not in any sense a competitive movement. It was an obligation that we owed our customers who had bought the machines from us in various periods and depended on us for repairs, which it seemed to us impossible to meet through any local merchant available at the moment in those places.

Outside of a number of makers of mowers and rakes and mail-order houses practically all of the harvesting-machinery trade is now centered in long-line producing companies. A long line of agricultural implements, including harvesting machinery, operates to the advantage of the producer in distributing his goods. He is able to retain salesmen with his branch-house facilities, spreading his cost practically over a twelve-month operation, while in a single line there is a short seasonal business. As a branch manager years ago,

I have had a hundred men working for me in July and one-fifth that number a month later. On that basis we could never retain the services of the class of help that we wished to attract to the business, hence we were always breaking in new men, and the service was inferior because of the inexperience of the new employees. Further, freight charges are a big factor essentially in those territories farther removed from the factory, and the long line gives the manufacturer and the local merchant to whom he sells the advantage of carload rates. Most all of these goods go in under the same freight classification, and you can mix practically everything in the implement line in the same car and deliver the goods to a point in Dakota or Montana at perhaps on an average less than half the freight expense if you had to ship short lines locally.

Taking account of the fact that the harvester business is now substantially centered in the long-line companies, that they have adequate branch houses and transfer houses, and that the Harvester Company is restricted to a single dealer in a town, I cannot think of any advantage that the Harvester Company now has over its competitors in the distribution of its harvesting line, including therein mowers and rakes. In my judgment competition is on a sounder basis than it has ever been in my lifetime. In my experience and years on the road I have seldom, if ever, known a locality where there were more than four or five lines of implements, harvesting machinery, plows, or anything else offered for sale in that one town. We met with different competition in different places, but the supply was more or less sporadic. It would be this manufacturer in this one county and some other manufacturer perhaps in an adjoining county, but the avenues of retail distribution, the business, was not of sufficient volume to support more than four or five in any one locality. With the situation as it is to-day, the lines broadly, having drifted or been drawn to the full-line business, they are more equal, on a comparable basis of competition, than they ever have been. To a large extent we meet everywhere the same competitors. We do not meet Avery & Sons, of

Louisville, so much in the northwest territory, in the Dakotas, although they job their implement line through an old jobbing house of at least forty years' standing up there that does give them representation in that territory. They are quite strong throughout the South and Southwest, where they have a very large business.

The number of harvester lines are as great as, in my experience, have ever been offered to the farmer in any particular locality in the United States. There may be localities where at the moment there are a less number of retail dealers selling them, but the number of lines produced and generally offered for sale throughout the country is as great as has ever been available to the buyer in any particular locality. Because of their becoming part of the full-line and integrated business, they are on a much more solid, substantial, and secure basis than was ever true in the days of short-line production.

368 I know of no advantage we have in manufacturing cost.

Any manufacturer having sufficient capital and volume to provide modern facilities adequate to the production and comparable with the volume of business that he produces can, I believe, produce the goods as cheaply as we can in any factory. In fact, some of our best factory records are in the smaller shops in the smaller towns, as compared with the larger factories in the larger centers. There are reasons why this should be so: (a) The first basic cost is the material, which is practically the same to everybody, assuming that the weight of the machine or article is comparable. (b) In a smaller factory there is a possibility of perhaps better supervision. (c) The labor cost averages slightly less, as a rule. The cost of living in these communities is less, and the workmen are inclined to be more efficient, because they do not drift around as much. In a town like our plant at Canton, Illinois, where we are the only large industry, we are not constantly meeting with the competition of the automobile maker or somebody else hiring away a good man as he develops efficiency. (d) The only other element is the burden of overhead, and that is purely a question of the plant facilities having a direct relation to the output. When I say materials cost everybody the same, I mean if bought at the same time and with the same judgment. In normal periods, where price fluctuations are small, amounting to 5 or 10 per cent in the course of a year, there would not be much difference, but in periods such as we had had in the past 10 years, of sudden and extreme fluctuations, sometimes it amounts to more than the profit on the goods. I have a very distinct recollection of using pig iron in 1921 at a cost of \$46 a ton, when we could have bought it for \$18 at the time it was used. A few mistakes of that kind on the part of your buyer, and your cost is distorted to a very marked degree.

369 Referring to Mr. Bennett's tables contrasting the cost of the Harvester Company with that of several of its competitors, I do not understand how under comparable and adequate cost-accounting systems there could have been any such differences as

be indicated. My judgment is, after reading his evidence, there was an attempt on his part to reconcile various attempts at accounting or schemes of accounting with the various manufacturers.

There does appear in some instances a very marked difference in the cost of material which, inasmuch as the amount of material used in the machines is almost identical as to quantity and quality, can only be accounted for as having been bought by one on a more unfavorable market.

Mr. MYERS, Petitioner objects to the question as incompetent, irrelevant, and no proper foundation of knowledge or experience of the witness of this kind having been laid.

Mr. Bennett is mistaken in his opinion that differences in material costs could not be due to differences in time of purchase. It is not (as he believed) the usual practice in the implement industry for all manufacturers to buy at the same time, six months in advance of the season's requirements. Ordinarily we contract in advance anywhere from one month to twelve months, according to what we believe the market is. It is not at all uncommon for us to buy from hand to mouth on a thirty-day basis if we feel the market is high; in fact, we are doing that to-day. On the other hand, if a favorable contract is offered us on a commodity, we have frequently covered for the full twelve-month period. Furthermore, there is a certain carry-over from year to year essential in industry of this kind. It is not possible, short of liquidation, to use up all of the material. The carry-over varies a great deal in relation to what

the outcome of the crop or trade proves to be in relation to the estimate on which provision had been made for the season's supply of goods. Market conditions as well as the estimated quantity of materials required are always a matter of prime importance. If the manufacturer believes the market to be favorable, he will buy freely, because there is no disadvantage if he has some carry over. If the market was on a high level, he would naturally be conservative in his buying. That practice obtains generally in the trade, not only among manufacturers of agricultural implements but among all manufacturers. Variations in cost in such periods as the country has gone through during the last six years sometimes amount to very considerable—more than the profit.

For a number of years after the Harvester Company was organized we handled twine on our books on the basis of $\frac{1}{4}$ c. selling expense. Subsequently we increased that with the general increase of prices to $\frac{1}{2}$ c., and with the high level of prices that came in the war period, we increased that at one time, I think, to $\frac{5}{8}$ c. or $\frac{3}{4}$ c. The $\frac{1}{2}$ c. a pound discount from carload price to dealers in my earlier experience in the trade was the custom of all twine manufacturers when selling to jobbers, out of which the jobber had to pay his distributing expense and carry his losses if he had any, and also make his profit. During the war period the discount on the carload price was increased from $\frac{5}{8}$ c. to $\frac{3}{4}$ c. of a cent. To-day I think the practice is almost uniformly $\frac{1}{2}$ c.

There is no justification, in my opinion, for allocating any larger proportion of the selling expense to twine than appears in our books, $\frac{1}{2}$ c. per pound. The treatment of that subject in the commission's report is rather incomprehensible to me, particularly in view of the fact that I happen to know that in the fixing of prices for the Food Administration, the Federal Trade Commission contended that $\frac{3}{8}$ of a cent was adequate to allow for that purpose; that
371 is, to cover the entire cost of distribution of twine, the whole expense from manufacturer to dealer. That was when I was in Washington in the Government service. I had no part in the active negotiations. Mr. Hoover and Mr. Requa, a member of his staff in charge of this particular proposition, did consult me as to some of these figures and as to my judgment as to their accuracy.

Another factor which might account for differences in costs shown in Mr. Bennett's tables is the broad question of efficiency. We see it from day to day in doing the same operations in different shops under our direct management, and sometimes they are difficult to reconcile. The question of good, bad, or indifferent management within a shop, resulting in a low percentage of work or waste or scrap, or high percentage, would very materially affect the cost. This may affect different companies at different times. We have had that experience too frequently. Costs are also contingent to a considerable extent on the type of equipment used in the factory. Labor-saving machinery has a very considerable effect in reducing the number of labor hours required to do a given job. Progress is constantly being made in this direction. Regarding equipment for manufacture, the amount of investment required for use of the most up-to-date methods known in the manufacture of binders, mowers, or plows is not a very heavy burden in relation to the output.

In my service in Washington on the War Industries Board we had occasion to consider cost accounting and the reconciling of the cost of different manufacturers. The Government found it necessary to establish prices. I might say that the cost figures submitted in almost every industry had the same nearly irreconcilable differences that exist in the implement industry. The steel industry,
372 including the cost of pig iron and various kinds of steel, was one of the most important lines looked into. The cost investigations were conducted by the Federal Trade Commission, who had access to the books of all of the manufacturers and submitted reports based on what these books showed. The figures were usually turned in as supplied by the manufacturer, and they varied in every industry in which it was necessary to make investigations. Sometimes the expert accountants for the trade commission attempted reconciliations; sometimes they advised that it was apparently incapable of solution from any reasonable accounting standpoint. In some instances they frankly stated that they could not account for the variations in figures shown.

Mr. Myers, Petitioner objects as incompetent, irrelevant, and immaterial to this case. There is an obvious attempt to discredit a report of the commission relevant to this case by testimony with reference to the work of the commission in other matters having no bearing on the case.

The cost of up-to-date labor-saving equipment runs into a very large investment in the case of tractor and motor-truck production. There are no labor-saving devices now used by the Harvester Company in the manufacture of harvesting machinery which are not fully available to the producers of the Osborne, Champion, and Milwaukee lines. One of the provisions of the sale of those lines was that we would supply them with any equipment, and if it was not available on the market from machine-tool makers or other dealers we would manufacture it for them. Our factories have been and are open to the purchasers of those lines to any extent they desire to study and investigate our operations, factory practices, machinery, and equipment. I believe the contracts of sale specifically secured to them that right. At least it was the understanding, and they have availed themselves of it. None of our manu-

375 facturing processes of the kind mentioned are secret in any way. Our competitors would have no difficulty in acquainting themselves with these processes. Only a very limited number of them are covered by patents, and even on those we have given shop rights, I think, rather generally.

On the question of ability to compete, the matter of a little higher or lower cost on the particular implement is not determinative. Variation in cost as between manufacturers and as between different shops of any one manufacturer is rather common, and obviously it is for the manufacturer to improve his cost on the items in which either one of his own factories or some other competitor may excel. In the meantime the fact that he has to take a small profit or no profit does not mean that he discontinues the line. I do not believe it is practicable for a manufacturer to bring his profit up to a level basis on all lines of production. It has never been done by us, at least. It is not practicable for a manufacturer to confine his production only to the articles in which he makes the most profit. By so doing he would lose all the advantages of the full-line business, which have been already covered in the testimony.

Referring to Mr. Bennett's testimony that I was heard before the Federal Trade Commission with respect to its report on the high cost of agricultural implements: I made a written request to appear and, as a result of correspondence, received a written invitation to appear on a specific date. We were invited to meet with the commission on December 29, 1919, to make explanations in regard to certain letters, a schedule of which was annexed.

The file of correspondence now shown me is a complete file of the correspondence under which the hearing was arranged.

Offered in evidence as defendants' Exhibit (S) 28.

I appeared and was heard with respect to those letters. My statement was taken down stenographically, and the document now handed me is the transcript of the testimony.

(Marked defendants' Exhibit (S) 29 for identification and offered to Government's counsel for purposes of cross-examination or any other purpose.)

374 At this hearing I was not shown any copy of their proposed report. I was not heard or questioned with respect to the costs of the Harvester Company or its competitors, and this matter was not gone into at all in my presence.

None of the figures that Mr. Bennett presents here were the subject of discussion on that occasion. I was not informed then or at any other time that the commission was investigating the effectiveness of the decree of 1918 or of the operations under that decree. None of the matters covered by chapter 10 of the commission's report were the subject of discussion or referred to in any way on that occasion or at any other time while I was before the commission. We first learned of chapter 10 on the date the report was released for publication. The press dispatches sent out from Washington as emanating from the commission referred almost wholly to chapter 10. Before that time we had no information or intimation whatever that the commission was proposing to deal at all with that subject.

It is not true, as stated on page 39 of the supplemental petition, that since the institution of this suit, and particularly since the entry of the 1918 decree, the Harvester Company has sold its harvesting machines at cost for the purpose of eliminating competition and monopolizing the business. The first price change after the entering of the decree was a reduction made in the fall of 1919 to apply to contracts then being written for 1920. That was made in the expectation and belief that, the war being over, we would be able to secure lower costs and revert back to what we believed to be more normal price levels. Unfortunately, this did not prove to be the case. The cost subsequently took a very pronounced turn upward, due, as we understand it, largely to the labor disturbances in the winter and spring of 1920, which materially affected transportation, at

375 some period almost eliminating it, and later on to a serious curtailment of the production of basic raw materials, such as pig iron and steel, through the shortage of fuel developed by a long and protracted strike. In the spring of 1920, in view of these conditions, an increase in price was made, and the cost continued to climb and wage rates to advance during the summer of 1920, until in the latter months of 1920 we reached the highest level of cost production known in the implement industry, going substantially higher than the peak of the costs in the war period. Labor had increased and practically every element of the cost had advanced. As a consequence a further advance in price was made in the fall of 1920. That was based on the cost of producing goods as compiled by our comptroller at the time, and was hardly adequate to meet the

actual increase in cost. Following that came the tremendous slump in the price of farm produce, which resulted in the cancellation of orders already referred to, and the most complete cessation of buying we have ever experienced in the trade. Soon after the first of the year reductions were made by the manufacturers of plows and tillage implements, whose delivery season was earlier than that of the heavy machinery. We made a reduction on tillage tools January 18th. Prior to that the Oliver Company and B. F. Avery had made cuts on tillage tools. Our next price cut was on March 7, 1921, covering cream separators, farm trucks, wagons, sweep rakes, stackers, combined rakes and stackers, hay presses, grain drills, alfalfa drills, seeders, sowers, hand shellers, plows, harvester threshers, feed grinders, engines, and tractors. Prior to that reductions had been made by about twenty manufacturers competing on various lines; I believe on all of those lines.

Our next reduction was made on April 13th. Between March 7th and that date approximately ten other manufacturers had made reductions on various implements. The April 13th reduction covered all our remaining lines of goods that had not been previously reduced. It included harvesters and drills particularly, what we call sometimes steel goods, the lines of goods in which the element of steel is the more important factor. There had been a general reduction in steel prices effective a day or two before, and our reduction on steel goods had followed immediately this general reduction of steel prices in the country. The reduction on various steel products ran from 10 to 17 per cent. Our reduction on April 13th was practically 10 per cent on everything. The reduction had been more than 10 per cent on some of the previous cuts.

My recollection is that the harvester line was included in this group of steel tools on which a reduction was made by all manufacturers at very nearly the same time. There were reasons for making this reduction outside of the reduction in the price of steel—the fact that business was at a stand-still and the further fact that in an effort to adjust ourselves to the slump we had, as of April 1st, made sweeping reductions in wages and salaries, including everybody from the president of the company to the office boys, in shop and field and factory. The April 13th reduction did not start a buying movement; there wasn't any such thing during 1921. Our next price cut was a further reduction of 10 per cent on tractors July 12, 1921, I believe our friend at Detroit started that activity. I would not like to quote the exact date, but Henry Ford did some very substantial reducing in that year. I think the price of his tractors started the year at \$750 or \$800 and finished at \$395. Our next change was a reduction of 10 per cent on ensilage cutters July 20th. The next change in the harvester line, including a long list of other articles, tillage implements, etc., was on September 28, 1921, applicable to the season's trade of 1922; a cut of from 10 to 20 per cent on the various lines. A reduction on the harvester line had previously been made by B. F. Avery & Sons about 10 days prior

to that time. Their cut was 10 to 15 per cent. We made no further reductions after the one of September 28, 1921; this price level held through until 1923.

Aside from Avery's cut there were other occasions for a reduction. The costs of all materials of consequence had substantially declined; pig iron, I recall, dropped from about \$35 to \$18 per ton, and bar steel from \$2.25 to as low as \$1.40 per hundred pounds. Before our reduction was made a careful analysis had been made by the comptroller estimating the reproductive cost of the various articles based on material and labor markets of that date.

Neither of the above reductions made by us on harvesting implements were to a point below reproductive cost as we estimated it at the time when the prices were named.

In estimating the sales for 1922 we did not figure on a full trade, but on a little more than half of what we considered a normal sale of those items. The trade situation looked bad in the autumn of 1921. In reality 1922 turned out much worse than we anticipated, and we sold only half of the amount estimated. For this reason our costs for the year 1922 came to be somewhat higher than our calculations owing to the excessive burden and carrying charges being applied to 50 per cent of the volume of the business which we estimated we would obtain. As already stated, the cancellations for 1921 were very large. The actual deliveries of goods in 1921 were far lower than anything we had ever known in the history of the trade, and for this reason we felt we should reasonably expect a substantial gain in the following year. We estimated our 1922 domestic sales of grain binders at 60,000, which was about two-thirds of what we usually sell. We thought this a conservative estimate and made our prices on that basis. We actually sold only half this number.

None of our price reductions were made with any hopes of monopolizing business or pressing or driving out of the trade any competitor. Aside from the action of competitors and the question of costs it was not possible, so far as we could see, to start a buying movement in any other way than by radical reductions. My belief is that that was true of industry generally throughout this country at the time. We believed a buying movement could only be started by the most drastic adjustment possible to meet the conditions then existing, and the prices of raw materials had declined to a point that on a reproductive basis it seemed possible to do this.

Regarding the attitude of the Harvester Company in the matter of supplying repairs to the farmers to meet the purpose of their "Repair week" campaigns, we fully met the requirements of the farmers in repairs of all our goods. We made known to the farmers through advertisements and in many ways our readiness and willingness to cooperate with them in that endeavor. A large number of the farmers are organized into various marketing and other farm associations, and the matter was discussed with representatives of

their organizations. We expressed a willingness and did meet their requirements in the matter of repairs to the best of our ability.

All of the steel and lumber properties of any consequence were acquired with the purchase of the Deering Harvester business. The Deering interests had acquired ore lands and coking-coal properties and a small blast furnace in South Chicago, which has since developed into what is known as the Wisconsin Steel Plant. The principal timber holding, in fact, the only one we have ever operated, was also acquired from the Deering interests. The Deering steel property consisted of one blast furnace and a small rolling mill having a capacity of 20 to 25 per cent of the present capacity of the mill.

579 The grain binder has not maintained its relative importance in the implement trade since 1902. This has been due in part to a change in the development of agricultural conditions. The first crop usually sown on any of our prairie country put under the plow is a small-grain crop of some kind in which a binder is called into use; but as time progresses, diversification, which is becoming more and more popular, dairying and raising animal foods rather than wheat, has become general. As a result the binder is of very much less relative importance than it was when there was a considerable expansion in the acreage put under cultivation. This expansion has ceased with the exception of clearing up a little stump land. It is over with so far as the prairie territory is concerned.

Another important change is the introduction of the so-called reaper thresher or harvester thresher, which is now recognized as the most economical method of harvesting a grain crop in all territory where it is practical to use it, which means the so-called semi-arid or dry territory of the Western States, where the grain will stand putting in elevators or taking it direct to market from the harvest field. In acreage this territory would be very large—practically the area west of a line drawn from Dallas or Fort Worth, Texas, north through the foothill territory to the Canadian boundary. It is difficult to estimate the percentage of the country's grain crop grown in this territory. At a rough estimate I should say it would not exceed to-day one third of the wheat production of the country. The percentage is increasing because of the decrease of wheat grown in the Central and Eastern States. In that area the harvester thresher is superseding the grain binder to an appreciable extent, in some sections almost eliminating entirely the binder. The harvesting-machine business—binders, mowers, and rakes—was practically all of our business at the beginning; to-day it is approximately 20 per cent of the sales. That change is due in part to
580 the increasing demand for other lines into the manufacture of which we have entered, and in part to the decreased demand for the binder.

The tractor is becoming, I might say has become, the most important article in the implement field in the domestic trade to-day, and has brought an entirely new organization for distributing agri-

cultural implements through the country. The introduction of the tractor naturally involved certain changes in the horse-drawn tools which the farmer had had for many years, particularly in the methods of attaching them to the tractor as compared to the horse-drawn equipment. Most of the implement manufacturers have brought out specially designed implements for tractor use, or power farming as it is commonly called. Our biggest tractor competitor for many years has stated that all such devices must first have his formal seal and approval before they could be advertised as used with his tractor. These have been marketed largely, in fact almost wholly, through the automobile tractor agents and not through the established retail implement merchants. This has materially affected the distribution of these implements. The first farm tractor was a heavy steam tractor which has been on the market for many years, but never came into very general use except for belt purposes. It was used to a very limited extent for plowing, but the weight was such that it packed the soil. The first internal-combustion engines also ran rather heavy for a period of years, but during the past ten years they have been substantially reduced in weight until this objection has been removed. I think their use to-day is limited only by the ability of the farmer to buy them. They have been coming very rapidly into use during the last six or eight years, as rapidly as manufacturing facilities permitted. During the war there was 381 a setback as in other machinery, after the slump in the value of farm products, but the tractor business has revived and gone forward within the last two years to a greater extent I believe than any other article used on the farm.

Mr. MYERS. I note another reference to the standing objection against evidence not relating to the harvester line.

The Harvester Company makes a farm tractor. We started in a small way some eighteen or nineteen years ago. Production of Ford tractors on a quantity basis commenced late in 1917 or the spring of 1918. They had been rather widely advertised and a few sold before they came into general production. The latest check we have shows about 76 concerns now making farm tractors. They are made by most of the large line manufacturers of agricultural implements. Tractors have been generally made and sold by Deere, Moline, Emerson-Brantingham, Rock Island Plow, La Crosse Plow Company, and nearly all of the threshing-machine companies, J. I. Case, Rumely, and Nichols & Shepard. Practically all of these concerns started in the tractor trade prior to Ford putting out his tractor. In their advertising of last year the Ford Motor Company claimed to enjoy 78 per cent of the tractor trade. I cannot testify as to the accuracy of the figures, but unquestionably they have a very large majority of the trade. A gentleman living close to Mr. Ford testified here yesterday that the Ford Company has 82 per cent now.

My observation accords with the testimony of various witnesses here that the concerns or dealers who handle the Ford cars very generally handle the Fordson tractor and agricultural implements

usable with it. Tractors are being used generally to draw harvesting implements as well as tillage implements. Mowing machinery and attachments for cutting grass are now sold more or less as a unit with the tractor. This is not as yet true with binders.

Where tractors and agricultural implements used with it are sold together, the tractor is obviously the key implement. The purchaser naturally consults with the dealer selling it as to the use of the implements to go with it. This gives the farm tractor a dominating position and influence in the industry to the extent that it has come into general use.

At the outbreak of the war the percentage of the company's foreign trade to its total trade was about one-half—47 per cent. It dropped down during the war to a much smaller figure and has, in the last three years, increased to perhaps 35 per cent.

The foreign business in 1923 amounted to 36 or 37 million dollars. The division of the company asked for by the Government in its petition would affect this export trade very disastrously.

Mr. MYERS, Petitioner objects to the question for the reason that the consideration attempted to be set up was fully developed under the original petition. It was rejected by the court in finding and adjudging the International Harvester Company to be an illegal combination under the antitrust law; and it clearly is not in issue now in the supplementary petition, which is based wholly upon the failure of the decree to achieve its declared purpose to restore competitive conditions in the domestic trade.

The business connections and customers, developed throughout the world over a period of thirty years or more, could no longer be supplied as they are supplied to-day. The company has many foreign branch houses and has factories in five foreign countries. I cannot conceive how these could be divided into two or three parts.

With regard to domestic business, the effect would be most adverse. Having gone to a single line, not only on harvesting machinery but all lines of implements, any division would leave the company with a less attractive line to offer to the trade than now exists on the part of all its principal competitors.

I cannot see how the single line we now have is capable of being divided into two equal parts.

I do not know of any company which has abandoned or is contemplating the abandonment of the manufacture of harvesting machines on account of its inability to compete with the Harvester Company. The failures in the harvester line during the last twenty years have not been any more numerous than in other lines of agricultural implements; in fact, the larger percentage of failures during that period has been in the tractor business, the number of concerns going out of that business being perhaps four or five times the number that are now left in the tractor trade. Taking account of the number of concerns in the harvester line as compared with those in the general agricultural implement business, the number of failures in the harvester line has not been any greater. I think perhaps

the smallest percentage of failures would apply to the harvester line.

In my judgment the harvester business can no longer be considered or advantageously carried on as a separate, independent business. This is because of the increased distributing expense referred to in previous questions concerning the advantages of the full-line plan of marketing agricultural implements. It is not practicable to fix the price on one agricultural implement, whether in the harvester line, tillage line, or any other line, independent of the price of other agricultural implements. To illustrate: If we make a reduction in the price of any important article, our trade immediately agitates the question as to whether similar reductions are not due on everything else we make. They know they are made from the same material, with the same labor and
384 and often in the same shop, and they expect the same price fluctuations to apply to all.

On the basis of proceeds, about 20 per cent of the goods we now have to offer to one dealer in a town consists of harvesting machinery, including hay tools. If we should refuse to offer these dealers our harvesting machines on a fair-price basis and on otherwise fair terms, this very clearly would be very damaging to the trade in other lines, the 80 per cent. Competition on all lines is very keen, and our competitors are in a position to supply the dealer not only with this 20 per cent but all of the 80 per cent. Unless he felt we were dealing with him fairly and justly we would be liable to lose that trade on the entire line. We must be not only 80 per cent fair but 100 per cent fair.

Mr. MYERS, Petitioner objects to that on the same ground last before stated, and on the further ground it is speculative and problematical.

The Harvester Company has no power to drive its competitors out of the harvester lines. The Harvester Company could not maintain unduly high prices on its harvester line without the cooperation of its competitors.

The trade is not dependent on the Harvester Company for the whole or any part of its requirements in harvesting implements. Competitors have ample capacity to supply all of the demand there is at the present time in all of the harvester line, with the possible exception of harvester threshers.

The Harvester Company could not succeed in driving its competitors out of the field by offering its harvester line to dealers at or below cost.

385 Mr. MYERS, Petitioner makes same objection as last before noted.

It would obviously be injuring itself to a greater extent than it could possibly injure any competitor because of its larger percentage of trade in these lines. On account of the possession of long lines by the company's principal competitors, the harvester line is a smaller percentage of their total output and trade than with us, and the

temporary loss of profit on that small percentage of their total business could not prove a serious embarrassment to their carrying on business.

Mr. MYERS. Petitioner objects particularly in view of the fact, as the record shows, that the companies which have gone out of business for the most part were not long-line companies.

A trade war between the different manufacturers of harvesting implements and an attempt on the part of the Harvester Company to drive its competitors to the wall by reducing prices on its harvester line to or below cost would result in a loss to the Harvester Company far greater than it would be to any of its competitors. I cannot see anywhere on the horizon any power on the part of the Harvester Company to monopolize the harvester business or drive its competitors out of the field.

Mr. MYERS. Petitioner renews its objection.

The Harvester Company could not undertake a warfare against a single competitor in the harvester line anywhere without involving all the long-line competitors everywhere. It would not be possible to reduce prices on harvester implements in one locality for the purpose of affecting a competitor therein. Its competitors are long-line companies offering their goods generally for sale throughout the country. These circumstances would not permit of any such undertaking as local price cutting.

The Harvester Company has never agreed with its competitors to fix prices, apportion territory, or in any other way to restrain trade.

I know of no restraint of trade of any kind or character that now exists or that has existed at any time since 1918 in any branch of the agricultural implement business. I believe competition at the present time to be on a more substantially secured basis than has been true at any time since I have been familiar with the industry. All of the harvester lines, with the exception of a few mowers and rakes, are now manufactured by full-line houses, giving each the advantages heretofore referred to of the full-line trade.

Cross examination by Mr. MYERS:

Mr. LAMOR. Mr. Edgar A. Bancroft was general counsel for the International Harvester Company for a long time and is still a director and therefore a defendant in this suit. The negotiations with the Government which led up to the entry of the decree in this case were not the only negotiations that the International Harvester Company ever had with the Government looking to the adjustment of their differences.

Q. About that time a plan was formulated by Mr. Bancroft and submitted to the then Attorney General of the United States, formulated and planned with a view to making unnecessary any litigation, which plan provided for the division of the business of the International Harvester Company among two corporations, one to take the Deering and Osborne works and lines together with the Plano

line and another to take the McCormick and Champion works with those lines and also the Milwaukee line; is that not a fact?

Mr. LINDABURY. Defendants object to the question on the ground it is not a cross-examination and as otherwise irrelevant.

A. I do not recall that any such plan was ever submitted to the Attorney General, not with my knowledge. I have knowledge of discussions with Mr. Bancroft, talking over with me the various suggestions, but I do not think this plan you refer to was ever brought forward as one of them. I had some discussion of such a plan with Mr. Bancroft, and it was discarded by the management at that time. I do not think it was ever brought forward.

Mr. MYERS. I will ask you, Mr. Legge, if you recognize this as a letter written by Mr. Bancroft, under date of September 1, 1911, to Honorable James A. Fowler, assistant to the Attorney General. [Counsel hands paper to the witness.]

388 Mr. LEGGE. I recognize Mr. Bancroft's signature. This is undoubtedly a letter from Mr. Bancroft.

Mr. MYERS. Now this letter says: "Dear Sir: Referring to our recent conversation, my letter of the 16th, and your favor of the 17th of August, I submit the following proposal, which is in accordance with your views as I understood them, and which, if acceptable to the Government, I will endeavor to have approved by the board of directors at the earliest possible date. It is impossible to hold a full meeting of the directors for that purpose until October, when several members now absent in Europe will have returned.

"My proposition is that the four factories which now make all the binders and mowers of the company, and which are the
389 only factories equipped for the manufacture of binders or mowers, shall be owned by two separate corporations, each of which shall own two of such factories and have a capacity for the manufacture of binders and mowers as nearly equal as possible. Those four factories are the Deering Works, making 'Deering' and 'Plano' binders and mowers; the McCormick Works, making the 'McCormick' and 'Milwaukee'; the Champion Works, making the 'Champion'; and the Osborne Works, making the 'Osborne.' If one corporation now owned the Deering and Osborne Works and the other owned the McCormick and Champion Works, each company would be manufacturing less than thirty-eight per cent of the binders and less than thirty-three per cent of the mowers used in the United States, the stock of each of the two corporations to be distributed as is being done under the decree in the Standard Oil case.

"In considering the matter together, I hope we may be able to agree on some plan which will meet your view and yet not impair the beneficial economy and efficiency of the organization so seriously as the above division will do. And at such a conference I would like to have Mr. Wilson, our consulting counsel, present—if you will name the time and place.

"It is, of course, understood that all our communications are to be used only for the purposes of the pending negotiations. Very truly

yours." Now, does that refresh your recollection of the proposal which was submitted to the Government at that time?

Mr. LEGG. No. As I previously stated, I have a recollection of that plan being discussed along with various other suggestions, but I was not aware that a definite proposition had been made to the Government by Mr. Bancroft along that line.

Mr. MYERS. Did you not know later that a proposition submitted by the International Harvester Company to the Attorney General had been rejected by him as inadequate?

390 Mr. LEGG. I knew that they were unable to agree as to any plan which we felt was workable. I was called to Washington at one time to discuss a plan formulated by somebody—I think a man then employed by the Bureau of Corporations.

Mr. LINDABURY. I wish to make and enter an objection to this testimony on the further ground that it appears that the negotiations were confidential, as, indeed, such negotiations presumably are, and it is contrary to the policy of the law for either party to such negotiations to make use of them afterwards without the consent of the other, or attempt to introduce them in evidence in any subsequent litigation.

Mr. MYERS. Let me say that the Government is not now seeking to enforce specific performance of the offer made in the letter. It is not seeking to hold the company to the proposal. The letter is merely brought in to refresh the memory of the witness as to the fact of the negotiations. Of course, Mr. Bancroft did not provide against reference to the letter for such evidentiary value as it may have in proving the facts of the negotiations, merely by subscribing the letter without prejudice.

Mr. LINDABURY. That might be; but the witness' recollection can not be refreshed by something that he did not write or did not see at the time, and particularly on cross-examination with respect to a matter on which he was not examined on direct.

Mr. MYERS. The witness has already testified on cross-examination that he was present in Washington with Mr. Bancroft at the time; and it is not a far-fetched idea to suppose that he had knowledge of the proposal.

Mr. LINDABURY. Then if he had, the proposal would have been confidential, had the party so treated it, under the rules of law.

Even so, it does not obviate the objection that this is not at
391 all a cross-examination.

Mr. MYERS. I assert that it is proper cross-examination and refutes much of the testimony given by this self-same witness of the alleged impracticability or impossibility of segregating the plants of the International Harvester Company, as prayed for in the supplemental petition. However, I do not think the record is the place for legal argument.

Mr. LINDABURY. The objection the witness made on account of the impracticability of the segregation referred to arises out of and

was based on circumstances growing out of the decree of 1918, and changes made in the position of the company as the result of and in reliance upon that decree.

392 At the time the war broke out the company's obligations in the London market were something over \$20,000,000, and the bankers naturally raised questions as to the propriety of loaning money to a concern on trial for existence in its home market. The matter was presented to the Attorney General and a separation of the foreign business, etc., into the International Harvester Corporation was made with his knowledge and consent. I believe the Attorney General expressly stipulated that nothing should be done which might later hinder or embarrass either the Government or the court in carrying out such decree as might be provided. The decision of the Supreme Court in the case of the State of Missouri against the International Harvester Company had nothing to do with the settlement of this case in 1918, and it was never given any consideration at any conference of the officials of the company within my knowledge.

The foreign trade, generally speaking, and with the exception of Russia, has called for harvesting machines somewhat heavier than those used in the domestic trade. Crop and climatic conditions require this different type. Machines manufactured by the Harvester Company for the foreign trade were, generally speaking, heavier than those for the domestic trade, with the exception of the McCormick line of harvesters, which was slightly heavier than the Deering or Milwaukee and answered the purpose. The Osborne, McCormick, and Deering were the principal lines in the foreign trade. The Milwaukee had quite a little trade in Scandinavia and northern European countries. The McCormick and Deering line used in the foreign trade differed from the domestic only as to certain special features designed to handle the different crop conditions in different countries. These features were not uniform as between different countries. The percentage of the total output of the Osborne line sold in the foreign trade constantly increased

393 because we were pushing that line abroad because of the location of the factory and its adaptability to the territory. 1914 was the last year in which we had a large foreign business before the collapse due to the war. Our shipments for 1914 had all been completed before the outbreak of the war, but we had not received the proceeds. In 1914 probably two-thirds of the total output of the Osborne machines were sold abroad. This excess weight of approximately 185 pounds in the Osborne machine over the machines commonly used in the domestic trade existed at that time.

The Milwaukee line was too late for the far-western territory. It was not considered too light and was quite a popular machine in Wisconsin, Illinois, and Ohio. My recollection is no step was taken to change the weight until 1910 or 1912. I think the production of the line was removed to the McCormick works about that time. I

could easily ascertain the exact date. I know we had up for discussion the question of installing equipment for the light machine. It was installed before the heavier type was fully developed. We still own the Milwaukee plant. It is equipped and has been employed for a number of years to build tractors, stationary engines, and cream separators. I do not think there was any marked increase in the sales of Milwaukee grain binders and mowers after the machines had been remodeled. The corn-binder trade was maintained on a very satisfactory volume.

The satisfactory costs on the Osborne line comparable with the Milwaukee and Deering costs were in the years 1919 and 1920—more pronounced in 1920. We had manufactured a much larger number of machines at that plant many years previously while we were exporting heavily from the plant, but in 1920 we reached the best percentage of production we had had since early in the war.

The lightening of the machine and perfection of the design 394 was also accomplished in the Champion line, but because of the very small output of goods of any kind in that factory, less than 50 per cent of the capacity, we did not obtain as satisfactory costs in the Champion plant as in the Osborne.

The Harvester Company did not sell the Osborne and Champion plants to the purchasers of those lines as required by the consent decree, but obtained a modification of the decree permitting sale of the lines without the plants. The purchasers of the machines had manufacturing facilities of their own located elsewhere, and in both cases declined to negotiate for the plants proper. With the exception of the hay tools manufactured by the Emerson-Brantingham Company, neither that company nor B. F. Avery & Sons had theretofore manufactured harvesting machinery. B. F. Avery & Sons had jobbed a considerable quantity of hay tools, mowers, and rakes manufactured by others. Neither company had manufactured a harvesting line. I would not say the Emerson-Brantingham Company was primarily a tillage concern. Mowers were one of their oldest line of products, and they also had a line of tractors and threshers, rather a full line of farm machinery generally. They have long been a factor in the plow business and have a successful and well-known plow line. I have no knowledge of any contemplated disposition of their plow business.

Of the ten thousand dealers whose services were lost, part was due to the increasing competition of Deere and other manufacturers with a harvesting-machine line and part to the transition from the commission-agency basis to the straight-sales basis. My recollection is, it was about fifty-fifty. The change to the sales basis was effected in 1917. The loss of some of these dealers had been going on for quite a number of years with the growth of the harvester business, on the part of Deere and others, from the time they were engaged in the trade, which I think was in 1911 or 1912. All of the 395 business they secured on contracts in the harvester line had to be taken from somebody, and most of it was taken from

us. Competition of Deere and Massey-Harris was felt prior to the decision of the District Court in this case. That process of losing dealers was then in operation. The effect of this on the distribution of the Champion, Osborne, and Milwaukee lines was relatively more severe than on the McCormick and Deering. Generally speaking, McCormick and Deering lines were placed with stronger dealers who were satisfied with their situation than were the smaller lines of the Harvester Company. There were exceptions to that in localities. Speaking broadly, that is correct. The practice of placing more than one of the Harvester Company's lines with a single dealer, the bunching process which I mentioned, was in effect prior to the 1915 decree and occurred in a larger measure than previously after we went to the sales basis in 1917.

The consolidation of the McCormick and Deering lines was discussed during 1919, but no action taken to carry it out until some time in 1920. The first experimental machine was tried out in 1921. It was a matter of discussion in business conference for a considerable period of time. I don't recall that we ever made any announcement of the combined McCormick-Deering lines to the trade. Because of the unfortunate trade conditions we have had and still have some stock of the old models to dispose of, and it was obviously not advantageous to make that any more emphatic than we had to. To a limited extent it was known in Kansas and the Dakotas in 1921 when the first machines were in the field, which obviously attracted some attention. As we sold a number in 1922 and five thousand in 1923, it became a matter of general knowledge to the trade. We are not manufacturing any of the old McCormick or Deering machines for the domestic trade. We are supplying some for a few customers abroad. The Deering and McCormick lines as separate lines have been known in the foreign trade for thirty years or longer. We have manufacturing facilities to produce these separate machines in some of our foreign plants where we expect to continue, there being no limitations in that field as to the number of retail dealers we may employ or the channels of distribution. Our largest export field at the present time is South America, all of which at the present time is supplied from the American plants. In France, the next largest territory, the haying tools are supplied largely from the French plant, but the grain binders, so far, have been supplied wholly from the American plants. Our export business reaches every country in the world where they raise grain. We are exporting to Australia, New Zealand, Cape Town, all of the continent of Europe, North Africa, etc. In most of the markets supplied by export we expect to supply the combined machines. That has not as yet been put into effect in Argentina, the trade there being largely in the large headers and push binders and the reaper thresher, which are still sold as separate lines. That is not true of the domestic trade; we are only selling the one line in the domestic. Within the last few years the trade name "McCormick-Deering" has

been applied to most of our new lines. When the plan was adopted to have the single harvester line, we adopted the same trade name on the various other implements manufactured. The McCormick-Deering trade-mark is used on pretty much everything we sell to-day, outside of motor trucks, on which there had been established a trade under the name "International." A small percentage of the new lines had previously been known as "McCormick," sweep rakes, stackers, disc harrows, and peg-tooth harrows, only a very few in number. I do not recall any other articles at this moment. The same is true of the trade name "Deering." We have sold a few under that name, a few under the trade name "Champion," and the larger part, of course, under the trade name "Osborne," because some of these newer lines were a development of the tillage lines of the Osborne plant. They are all sold under the "McCormick-Deering" name to-day. In changing the names of the harrows, etc., very few substantial changes in design were made. We naturally selected what we believed to be the best tool theretofore marketed under any name. In the case of the peg-tooth harrow it was purely a matter of paint and stencil. The new McCormick-Deering harvesting machine might be called a composite machine. Starting with the main or bull wheel, the type used is a slight modification of the Deering type. The frame of the machine is not quite like either, as it carries the Deering binder attachment and the McCormick platform and has a connecting link different from either of those formerly made. The new machine carries the McCormick reel and McCormick bundle carrier, the Deering main wheel, binder attachments, and some other features, knife, etc. The machine is largely a composite without new distinct or patented features. Certain alterations were necessary to fit those features together in a complete machine, in doing which we had a little unfortunate experience in the first attempt that delayed the program for a year, and we had to do it over again. I think we have no patents on any devices of the McCormick-Deering line. We have not applied for any patents on the harvesting line as a whole for any considerable number of years, except in connection with power-driven devices to take the power from the tractor as described by a witness yesterday speaking of the Ford attachments. The patterns, jogs, dies, etc., for the McCormick line and Deering line have not been destroyed. Some of the equipment has been transferred to our factory in France and slightly modified at a saving of expense to us as compared with making new equipment. By equipment I mean special shop equipment, patterns, and general equipment in the shop design for building the machine for which the parts are intended. The company, if it were to its interest, could resume the production of the McCormick and Deering machines in the course of a little time. There is nothing impossible from a mechanical standpoint for us or anyone else doing that. The McCormick-Deering machines are not manufactured at both the McCormick and Deering works. The

grain binders and mowers are manufactured at the McCormick works, and the corn binders, big push machines, and reaper threshers at the Deering works. Prior to the switching to the combined implement, complete machines of most of the lines were manufactured at both plants. The corn picker was only made at the Deering plant. Each plant assembles complete all machines that are made at that plant.

I do not know that any of our competitors in the harvester machine business are at present manufacturing motor trucks. The Moline Company sold some in connection with the Stephens car production, and Deere have sold some manufactured by Velie, who is one of the large stockholders in the Deere concern.

Mr. MYERS. In the matter of retail stores in which the International Harvester Company owns stock, am I to understand that the International Harvester Company invested in a retail business in each instance simply to secure representation at that particular point?

Mr. LADD. That is correct. We were unable to secure any representation that was at all adequate at any of those places. The profit on repairs as compared with that on completed machines fluctuates. In a period of heavy sales of completed machines, the machine profit is obviously far more satisfactory. In years like 1921, when we did not sell many completed machines, the repair profit assumes more attractive proportions. The same men handle both, and we know there is relatively more expense in handling repairs, because of the small items, but it has not been of sufficient importance to us to justify setting up a separate accounting system to distinguish the expense. It is not true, as publicly stated recently by the Governor of Kansas, that the parts of a harvesting machine if bought separately would cost three or four times as much as a completed machine. Where he got his basis of calculation I am unable to tell, because we have never published a price list on all parts. Some of them are never called for. It is unquestionably true that the assembled machine from the repair list would cost substantially more than to buy it complete; I would estimate it would cost double or a little more.

The Walter A. Wood Company was not a long-line company. They at one time had manufactured some tillage tools and in later years I believe undertook to manufacture a spreader, or had one made for them. It was essentially a harvester company. That was true also of the Acme Company. The Independent Harvester Company really never acquired any substantial volume of business. They undertook to manufacture a binder, but afterwards added a considerable line of implements, but because of difficulties in which they became involved the extension of the full line was never really carried out. They had designed and made a few spreaders and different things, but I believe never sold them. It was considered a short-line company, and they undertook to develop it into a long-line company, which they never succeeded in completing. The Massey Harris

Company's business on their smaller tools, tillage implements, etc., is mostly in the Eastern States; on their reaper-thresher in the western territory; on their binder I think perhaps their largest business is in Minnesota and the Dakotas. Their representation through the Central States immediately tributary to Chicago is less than farther west. I have no definite knowledge as to whether 50 per cent of the Massey-Harris harvesting machines are sold east of Chicago. They only entered the trade in the Western States on harvesting machinery in recent years. The trade in the old

Johnston line they acquired at Batavia was very largely in 400 the States east of Chicago. B. F. Avery & Sons' business is largely in the South. It developed largely in the cotton territory, and they specialize on quite a number of cotton tools. We meet Deere & Company's competition actively in every county in the United States. I don't think there is an exception. This is in harvesting machines and everything else they have to sell. There are some counties that do not use any harvesting machines.

The Harvester Company does not distribute its selling burden equally over all sales except sales of binder twine. Exceptions are made on a few other articles. I think farm wagons, where the minimum of repair follow-up service is required, have been favored with a lower than the average selling expense. On cream separators, where the maximum of service is required, we charge a higher rate than the average. I do not know whether Mr. Bennett was informed of these exceptions. My recollection is that the burden of selling cost is distributed equally over all the rest; that includes repair parts and knife grinders. I did not talk with any representative of the Federal Trade Commission with respect to the proper selling cost on binder twine. My information came from Mr. Mark Regan, an assistant of Mr. Hoover, in charge of the affairs of the Food Administration. The subject they were discussing was to determine what was a fair carload price to the dealer, the elements being the manufacture or conversion cost, the sales expense, and reasonable profit, and he stated that they had the Federal Trade Commission visit some of the twine mills and cordage manufacturers and compile information for them, and he asked me because of my experience in the business as to what my judgment was on this matter. He asked me as to the fairness of half a cent a pound for selling expense. He said that some of the manufacturers had contended for half a cent and some for five-eighths, and that the Federal Trade

Commission was of the opinion that three-eighths should be 401 sufficient to cover it. My recollection is that was in the fall of 1917 or early in 1918. I do not recall any twine-jobbing contracts in the domestic trade at the present time. We have very few jobbing contracts on binder twine. I can not enumerate any other articles of our manufacture sold to jobbers in the domestic trade.

The amount of service required on different implements varies in different territories and different seasons. At the present time the most service would be called for on motor trucks and tractors and

on the cream separator, which is very delicate and easy to get out of adjustment. Of the harvester line the largest number of calls for expert help from the purchaser to-day would be on the harvester thresher and the corn picker. The mowing machines seldom require service and the hayrake never. The grain binder requires more service than most of the tillage lines, and the corn binder about as much as the grain binder. The amount of the expert call on the grain binder is constantly decreasing. The walking plow calls for practically no service; a peg-tooth harrow for none; a disc harrow for more; a tractor plow calls for expert service rather frequently. We have less trouble in finding a so-called expert to adjust a corn binder than a tractor plow; that is, a gang plow designed to be pulled by a tractor. When they cease to function properly, they seem to be more difficult to adjust than most farm tools. When the plow strikes a rock or stump it breaks or bends or twists.

In connection with the price-fixing operations of the War Industries Board, we considered the cost accounts on quite a large variety of articles. My experience was not limited to steel. The accountants of the Federal Trade Commission had been called on and were considering costs in a large number of industries. I can not give the number of them. I remember steel, lumber, and fire brick.

There were a number with which I had very little to do because of my lack of knowledge—chemical lines, explosives, etc. I could check up a list from old memoranda if it is a matter of importance. I understood the Federal Trade Commission accountants were investigating costs in many lines of industries. There was a general charge in the country of profiteering on account of war prices. Complaints were made and investigations were made in quite a number of cases, and invariably they complained of the lack of any uniform system by which they could make comparisons. I wouldn't say that complaint was made as to everyone. I remember a number of discussions as to why there was such a tremendous variation in people's ideas of keeping books. Mr. Colver, I believe, was chairman of the commission. The chairman himself put out a publication urging manufacturers to try to get something more certain that would be comparable. I believe the commission's accountants were striving as best they could to make reconciliations in all of these industries.

As part of my War Industries Board work I was called upon as one of the committee to recommend fair prices on various steel commodities, pig iron, etc. We had the costs of all the principal mills in the United States. I don't recall them by districts. We had them by different manufacturers. The lowest cost on the general line of steel that was ever submitted, to the best of my recollection, was the Carnegie plant near Pittsburgh, 1917. The Federal Trade Commission had been gathering these exhibits for some weeks or months, and the prices were established in the fall of 1917. I have no recollection of the comparative costs by districts as between the Pittsburgh and Chicago districts. I know the far-eastern mills near

the Atlantic seaboard contended for a higher cost, because their normal supply of ore from Cuba had been shut off and they were compelled to pay freight on ore from Lake Erie ports. The rail transportation of ore does not affect the Chicago district very much, as most of the ore is brought down during the summer months by boat from the Lake Superior ports.

403 Mr. MYERS, Mr. Legge, I call your attention to a certified photostat copy of Exhibit 6851 in the so-called Pittsburgh plus case, now pending in the Federal Trade Commission, which gives the relative mill cost of manufacturing structural shapes, plates, merchant bars, and black sheets in the Pittsburgh, Chicago, Duluth, and Birmingham districts for the two-month period January and February, 1921, and the year 1920, and in particular call your attention to the cost per gross ton of each article of manufacture, stated in the third column from the left, and the difference above or below the Pittsburgh price or cost per ton, stated in the fourth column, as to each article, and will ask you to read the cost price for each article for each district, together with a statement of difference above or below the Pittsburgh price as to each article.

Mr. LANDAUNY. Defendants object to the use of this alleged exhibit, as it is a mere exhibit of the Federal Trade Commission, in that case, as prosecutor, showing alleged facts which, as judge, it has not yet found and which were not assented to by the defendant nor established by proof or judgment.

404 Mr. MYERS. I will ask the examiner to mark for identification the letter of counsel for respondent in that case, transmitting the statement to the commission without any reservation as to use, as petitioner's Exhibit (8) 116.

Mr. LEGGE. The summary shows in the Pittsburgh district cost on structural shapes of 51.66; Chicago district, 42.59; Birmingham district, 55.55; showing an apparent difference in favor of Chicago of 9.07 and of Birmingham of 3.88 as compared with the Pittsburgh cost. On the plates the statement shows a cost of 51.35, Pittsburgh; 47.56, Chicago; 53.77, Birmingham, which would indicate a difference in favor of Chicago in cost of 3.36 and against the Birmingham cost this Pittsburgh was lower than Birmingham 2.21. On merchant bars the cost given for Pittsburgh is 51.60; Chicago, 48.27; Duluth, 65.39; Birmingham, 49.09, showing apparently that as compared to Pittsburgh, Chicago is 3.32 lower; Duluth, 13.78 higher; and Birmingham, 2.50 lower.

On black sheets the cost given is 86.52, Pittsburgh, and 80.37, Chicago, being in favor of Chicago of 6.21. On the summary of the total of the foregoing products Pittsburgh, 56.45; Chicago, 49.31; Duluth, 65.39; Birmingham, 52.66, a difference in favor of Chicago of 7.13, against Duluth of 8.94, and in favor of Birmingham 3.78.

Mr. LANDAUNY. Defendants further object to this evidence, because the sheet shown to the witness, from which he has just read, was furnished by the Steel Corporation to the Federal Trade Commission in the so-called Pittsburgh Basing case, accompanied with

qualifying notes and explanations, which have been detached.
405 I think all of the harvester companies have shifted from the agency to the sales form of contract except Massey-Harris, who still use the commission contract to some extent. That had been their universal practice in Canada, where their home town is, and when they came over on this side they followed that to a considerable extent. I think they use their judgment as to which is the most expedient, or best fits the local conditions. I do not think they distinguish between eastern and western territory in the form of contract. I think it is more largely a case of credit of the local merchant. If he is rather light weight, the commission contract is favored. As to the time the other companies shifted from the commission to sales basis, I think some of them had done rather more of this than we had; that is, some other concerns had a larger percentage of their trade on the sales basis prior to 1917. We had some sales contracts, increasing in number, prior to 1917. That was the year we cut out the commission contract absolutely. I do not recall the others taking the action in quite as drastic a manner as we did, but either before that time or since they have all come to that basis of doing business with the exception of Massey-Harris, as noted.

The Harvester Company did not accept every attempt at cancellation. We tried to persuade the dealer to take a few machines, if he could, but never insisted on our contract rights. The branch managers' instructions were to adjust their orders to whatever seemed to be the reasonable requirements of the dealer, which, unfortunately, were very light. I do not think there was any great amount of litigation by other companies to compel dealers to take goods ordered; the legal rights were perhaps unquestioned. But I do recall in the fall of 1921 at a dealers' convention of doubts coming up for discussion and some criticism being offered that some of the people had not accepted cancellations as far as they should have done.

100 Mr. MYERS. Has the Ford Motor Company ever approved a binder or mower as distinguished from a mower attachment, rake, or tedder as proper to sell in connection with Fordson tractors?

Mr. LORAN. I believe they did so approve the Thomas mower. I would not like to be positive about it. To my knowledge they have never approved a binder, although they have had quite a number built and submitted to them for that purpose. Practically asked me to build one for them.

The percentage of capacity at which the International Harvester Company has been producing for the last three years varies greatly on different articles. The plant capacity on motor trucks and tractors has for some time been running full. On harvesting machinery production has been less than 50 per cent. I have no information as to the production of our competitors during these years.

Mr. MYERS. Will you say, Mr. Legge, that the International Harvester Company is not in any part of the United States granting to

a particular dealer discounts lower than are granted to other dealers in the same locality?

Mr. LEGG. Absolutely no differentiation except a form of quantity discounts which vary a little, based on the territory. The same number of goods, say, on a grain binder in North Dakota, is not a fair basis of figuring quantity discounts as compared with a dealer in New York State or Maine, where possibilities of trade are less. There is some fluctuation on the basis on which quantity discounts are figured.

Redirect examination by Mr. LANDABURY:

An effort was made after the decree of 1918 to sell the Milwaukee line. There had been a number of negotiations before the negotiations started for its sale to the Moline Company. I personally
407 tried to sell it to Mr. Ford and failed. We had a deal we thought practically closed with the Case Thresher Company, of Racine; also one with the Minneapolis Steel and Machinery Company, Minneapolis. These were at different times.

Repair parts on harvesting machinery are rather a burdensome line for both manufacturer and the retail dealer for the reason that they are salable for only a few weeks in any one year. They are not comparable with the repairs on a tractor or a motor car, that are salable every month in the year. The stock a merchant puts in as repair parts for a grain binder, if not sold in the harvest month in his territory, is dead property for the next twelve months. There is also a very considerable waste through obsolescence, especially on the breakable parts.

Recross examination by Mr. MYERS:

The dealer would have to carry over an unsold binder or mower to the next year in the same way, but he can estimate his requirements on finished machines more accurately than on repairs. He canvasses the prospects for the sale of machines and can guess better how many completed machines will be needed for his trade than how many wearing parts of machines will require replacing during the season. The repair parts store more compactly than the machines, but run into a very large number of items which must be binned separately—a lot of little items.

408 WILLIAM M. REAY, being duly sworn, testified as follows (Mar. 24-25, 1924):

Direct examination by Mr. ELLIOTT:

I have been comptroller of the International Harvester Company since 1907. I was assistant comptroller from 1903 to 1907. Prior to that time I was manager of the Chicago offices of Price, Waterhouse & Company, certified public accountants. That firm was then known also as Jones, Caesar & Company. They supervised the appraisals made by the independent appraisal companies of all the properties which were to be purchased by the International Har-

vester Company, and prepared profit and loss accounts for the years 1901 and 1902. I have been a certified public accountant during this entire period. I have prepared from the records and accounts in my possession as comptroller an accurate statement showing the sales of harvesting machines in the United States by the International Harvester Company from 1903 to 1923, by years, in dollars. This exhibit shows sales of new-line business of machines as well as old line.

(Offered in evidence as defendants' Exhibit (S) 15.)

The "old-line" business refers to those machines named in this suit, and they were the original machines with which the company commenced its business for the year 1903. The "new-line" machines are those the manufacture and sale of which were undertaken by the International Harvester Company after its formation, except that in the year 1903 tillage implements were manufactured and sold by the Osborne works of the International Harvester Company.

409 The figures in the percentage column show by years the percentage of each line to the total business and also the total of the old-line business and the total of the new-line business to the total business, taking 100% to represent the total volume of sales.

I have prepared a chart based on the exhibit just introduced to show the relation of the old line and the new line sales by years. It reflects accurately in graphic form the figures of the preceding exhibit. In each exhibit the repair sales are added to the machine sales.

(Offered in evidence as defendants' Exhibit (S) 16.)

I have prepared an accurate statement showing the sales of each kind of machine by years, in numbers of machines, in the United States, as distinguished from dollars, as shown in the preceding exhibit.

(Offered in evidence as defendants' Exhibit (S) 17.)

I have prepared a chart showing in graphic form the number of machines sold by years in the United States and illustrating the trend of trade in grain binders, mowers, rakes, and corn binders from 1902 to 1923, inclusive, which is accurate.

(Offered in evidence as defendants' Exhibit (S) 18.)

Mr. MYERS. Let me note a retrospective and prospective reference to the standing objection to evidence not showing the position of the International Harvester Company in the harvester-machine business but going into other lines not in issue in the present proceeding.

Census figures of the United States show the total business of the country in agricultural implements of various kinds in dollars and in quantities are available for the years 1909, 1914, 1919, 1920, 1921, and 1922, and also showing sales statistics for the years 1920 and 1922.

410 I produce an accurate statement, prepared from the figures in these census reports and from the books of the Harvester Company, comparing in each of these years the manufacture or sale of the Harvester Company in various machines with the corresponding census figures for the totals.

(Offered in evidence as defendant's Exhibit (S) 19.)

These figures for the years 1909, 1914, and 1919 have a classification headed "Harvesting implements" and three subheads under them—namely, "Hay rakes and tedders," "Mowers and reapers," and "Others," which are the same classifications as appear in the census figures. The item of "Mowers and reapers" in the census figures includes grain binders, corn binders, and headers. For the years 1920, 1921, and 1922 there are two heads, one reading "Haying machinery" and the other "Harvesting machinery." In giving the International Harvester figures corresponding to the total census figures in those two classifications I have included mowers, rakes, and tedders as haying machinery. In the International Harvester figures under the classification of "Harvesting machinery" I have included grain binders, corn binders, and headers. The census classification of haying machinery includes the same figures. The Bureau of Census defined just what implements should go under each classification. The classifications under Exhibits B and C conform to the classifications on the lower half of Exhibit A for the years 1920 and 1922.

I have prepared and now produce an accurate statement showing a comparison of wholesale prices in the United States on old and new line machines, 1913 to 1923, expressed in index numbers, taking 1913 as a base of 100. Notes at the bottom of the exhibit correctly state the manner in which it was prepared.

411 (Offered in evidence as defendants' Exhibit (S) 20.)

I have prepared and now produce an accurate statement of the earnings, investment, and percentage of earnings to investment of the International Harvester Company, 1903 to 1922. The note shows that in the years 1917 to 1922 an additional tabulation of earnings is included on the basis of costs or market inventories.

(Offered in evidence as defendants' Exhibit (S) 21.)

I have prepared and now produce statement of International Company of America: (a) Loss of business due to cancellations season of 1921; (b) statement showing orders taken to January 1, compared with actual deliveries, seasons 1918 to 1921. The statement was prepared from the records of the International Harvester Company.

(Offered in evidence as defendants' Exhibit (S) 22.)

Under the column headed "Orders taken to January 1, 1918, for 1918 season" a total of 306,947 appears, and that is the number of machines for which orders have been placed prior to January 1, 1918, for delivery during the 1918 season. Under the next column, headed "Actual deliveries," the total 601,297 represents the number of machines actually sold and delivered in the United States during the year 1918. The whole exhibit reflects United States conditions. Under the last column on page 3, footings show that 669,776 machines had been ordered for 1921 delivery prior to January 1, 1921, and that the total machines sold and delivered during that year

amounted to only 374,694, and that is correct according to the company's records.

Mr. ELLIOTT. When you testified, Mr. Reay, as a witness for the Government you produced, at their request, a statement showing expenditures for advertising the several harvester line, McCormick, Deering, Osborne, Champion, and Milwaukee. I hand
412 you some photostatic copies of what purports to be joint advertisements of those lines during 1918 and ask you if they are correct copies of advertisements put out by the International Harvester Company of America during that period?

A. Yes.

All eight advertised five lines, Champion, Deering, McCormick, Milwaukee, and Osborne grain binders, mowers, rakes, and tedders. (Offered in evidence as defendants' Exhibit (S) 23.)

These advertisements appeared in numerous publications covering the United States, principally in the dealers' press and other farm papers. The cost of advertising of this character was divided equally among the five lines.

The proportion of the Harvester Company's annual requirements of lumber purchased from the Wisconsin Lumber Company was something less than one per cent. The particular kind of lumber required now for agricultural implements is different from that required at the time that property was acquired. That property consisted of approximately 35,000 acres of gum, ash, cottonwood, and cypress, but more than fifteen years ago the trend of lumber consumed turned to southern pine.

The by-products coke plant at South Chicago was built during the war at the urgent request of the Government to furnish toluol, and the Government assisted in financing and construction of the plant. A contract with the Government was made before construction commenced to give it the output of toluol. If it were possible to take into consideration the interest on the investment, it would not be true that all of the proceeds of the by-products or coke plant would be available for profit to the owner of the plant.

413 Ton for ton of production, the investment in a beehive coke plant is smaller than the investment in a by-product plant, and the profit on the sale of the by-products would then represent the return on the excess investment in that type of plant as distinguished from ovens which produce no by-product.

The petitioner has put in evidence certain exhibits, numbered petitioner's Exhibits (S) 75 to petitioner's Exhibit (S) 84, inclusive, embodying certain computations by the witness, Mr. Allen, on the profit on pig iron, ore, coke, coal, tar, ammonium sulphate, benzol, coal gas, and lumber; that is, the profits of the Harvester Company, including profits of its subsidiaries. The figures shown in those exhibits as profits are not net profits. There should be deducted interest, Federal income taxes, and a portion of the general administrative expense.

Mr. ELLIOTT. No such qualification appeared in the computations you referred to, but it did appear in the exhibits from which the computations were made. I just wanted to clear up the record on that point.

Steel used in the International Harvester Company's machines, shipped from the Wisconsin Steel Works, was billed to the several machine plants at market prices and taken into the machine costs on that basis. That practice was followed, first, to obtain accurate costs for farm implements, and, second, to obtain an accurate line on the results of our investment in the steel plant and its related raw-material facilities. About fifty per cent of our total steel requirements is purchased from concerns other than the Wisconsin Steel Company and is the same kind of steel as made by the Wisconsin Steel Works. The amount varies from year to year. It would be impracticable to keep the company's machine costs in any other way than by taking all of the steel in the machine costs at the market or contract prices.

414 I have prepared estimates of the profit on the product of the Wisconsin Steel Works per machine taken into the machine costs of binders and mowers for the years 1921, 1922, and 1923. For the years 1921 and 1922 there was a loss on each binder, whereas in the year 1923 there was a profit of about three dollars. On mowers for the years 1921 and 1922 there was a similar loss, and for the year 1923 a profit of about one dollar and fifteen cents. On rakes for 1921 and 1922 there was a loss, and in 1923 a profit of one dollar and fifty cents.

Mr. LANDABURY. Does that mean that the profit which the steel works made on the portion of steel furnished by it to each machine was for the several years as you have stated?

A. Yes, sir.

These figures mean that if the products of the Wisconsin Steel Company had been billed to the machine plants at cost instead of market in 1921 and 1922, the billing price would have been a little higher, as would the machine costs on a present basis. Correspondingly, for 1923, if the steel had been billed at cost instead of market, the cost of binders to the Harvester Works would have been decreased about three dollars, mowers one dollar and fifteen cents, and rakes one dollar and fifty cents.

The Government's witness, Mr. Bennett, stated that he had supervised an examination under the auspices of the Federal Trade Commission into the books of the International Harvester Company and various other companies, and he referred to certain tables showing the investments and profits of the International Harvester and other companies collected by his force of examiners. I have examined these tables purporting to show the investments of the Harvester Company, and in my opinion they do not show it correctly. Certain deductions were made by Mr. Bennett which do

not accord with the facts as reflected in our books. I believe
415 he has reduced that investment ten million dollars below the
book value. I gathered from Mr. Bennett's testimony that
the reduction in the investment was made arbitrarily by the Bureau
of Corporations in their report of 1912. It was an adjustment of
the value of property originally acquired as of October 1st, 1902. As
I understand it, no adjustment was made in subsequent capital addi-
tions. Certain properties were purchased by the company and paid
for by an issuance of its entire capital of one hundred and twenty
million dollars. I do not know what method of revaluation Mr.
Bennett and the commissioner of corporations used, but I do know
that no properties acquired by any company were subjected to the
same scrutiny of appraisal by independent appraisers as the prop-
erties purchased by the International Harvester Company, and the
total value of all properties acquired aggregated one hundred and
twenty-seven million and seventy-six thousand dollars, as compared
to the par value of one hundred and twenty millions capital stock.
In the one hundred and twenty seven million I have included sixty
million of stock sold for cash at par.

I have examined the tables identified by Mr. Bennett purporting
to show the profits of the International Harvester Company by years
from 1913 to 1918 and they do not agree with the book profits of
the company. After an adjustment was made between the so-called
basic inventory method used by the company and the inventories
at cost or market, whichever was lower, method used by Mr. Bennett,
the profits shown by Mr. Bennett's tables did not agree with the
profits shown by the company's books, because Mr. Bennett excluded
the provision for Federal income tax and the provision for decline
in inventory values and war losses, interest paid on indebtedness,

the provision for the pension fund and for extraordinary
416 repairs and renewals, and he reduced the provision for amor-
tization of iron ore and timber and excluded the provision to
meet the future collection cost of receivables outstanding at the
close of the year. Also, he excluded the provision for fire insur-
ance and the provision to meet the company's obligations arising
under its employees' saving plan, and the provision for contingencies
and certain unheated differences.

I have prepared and produce a statement tabulating the profits for
each year from 1913 to 1918, as shown in Mr. Bennett's tables and as
shown in the company's books, adjusted to the cost of market in-
ventory basis. It shows the reconciliation between Mr. Bennett's
figures and the figures per our books and per the actual reports cer-
tified to by the public accountants for those years.

One of the items excluded by Mr. Bennett is "War losses," which
were principally sustained in the foreign trade, largely in Russia.
Mr. Bennett included profits from the Russian business from 1913
to 1916, which aggregated about thirteen million three hundred
thousand dollars, but he has excluded losses sustained from the

Russian business and war losses in other countries. He also included profits from other portions of the foreign trade.

He has included in his tabulation all profits of every kind resulting either from the domestic or foreign trade, but he allowed as deductions no war losses from any part of the foreign business.

In my opinion, as a public accountant, Mr. Bennett's treatment of the profits and losses of the company's foreign business was hopelessly inaccurate and unfair. All the deductions made by the company in computing its profits which Mr. Bennett disallowed were necessary to present the true financial position of the company at the close of the fiscal year. Each of these deductions are of a character required by sound accounting and financial practice in a business of this character. The annual statements of the company and its books are audited by Haskins & Sells, certified public accountants.

418 (Offered in evidence as Defendants' Exhibit (S) 24.)

The last statement produced by the witness, headed "Reconciliation of annual net profits as shown by the books of the International Harvester Company, with the profits of that company as stated in the Federal Trade Commission report, pages 90 to 95," and identified by Mr. Bennett as prepared by him and introduced as petitioner's Exhibit (S) 90.

I produce two printed pamphlets entitled "Department of Commerce, Bureau of the Census, Washington, Fourteenth Census of the United States, manufacturers, 1919, agricultural implements." The summary of the 1919 census also contains the figures on the preceding census, 1909 and 1914.

I also produce a pamphlet entitled "Department of Commerce, Herbert Hoover, Secretary, Bureau of the Census, W. M. Stewart, director, manufacture and sale of farm equipment, 1922," which also gives figures briefly compiled for 1920 and 1921.

As some confusion appears to have arisen in connection with defendant's Exhibit (S) 19 as to the articles included under each classification, and the classification having changed in the last period of three years, 1920, 1921, and 1922, I would like to make the details of each classification clear. In 1909 the classification was more condensed than in the two subsequent periods. It would appear from other detailed information in the pamphlet that the machines included under "Harvesting implements" were binders, both grain and corn, grain cradles, bean harvesters, harvesters and threshers, other harvesters, hay carriers, hay forks, horse, hay loaders, hay rakes, hay stackers, hay tedders, mowers, potato diggers, horse, reapers, grain elevators for use on the farm, push harvesters, headers, hay presses, other haying tools, stalk cutters, and other
419 harvesting implements. In the 1914 census there are three classifications which do not appear in 1909—hay rakes and
420 tedders; mowers and reapers; other. I obtained from the Census

Bureau information as to their classification of our report for the years 1914 and 1919. Under the classification "Hay rakes and tedders" those two machines are included. Under the classification "Mowers and reapers" are included grain binders, corn binders, headers, and header binders. Under the classification "Other" there are included the remaining farm implements included under the classification of "Harvesting implements."

420 In the 1920, 1921, and 1922 census, instead of the classification "Harvesting implements" formerly used, there are two new classifications, first, "Haying machinery," under which are included mowers, rakes, sulky (dump), rakes (side-delivery), rakes (sweep) and tedders, loaders, stackers, other haying machinery, attachments and parts; second, "Harvesting machinery," under which are included grain binders, grain headers, combined harvesters and threshers, corn binders (row), corn harvester (not binders), self rake reapers, potato digging machines, potato diggers, pea and bean harvesters, best lifters, and other harvesting machinery attachments and parts. In each instance, we have included in the Harvester Company figure all of the machines made by it which came within that census classification. The Harvester Company makes all of the machines included under the heading "Haying machinery," with the exception of pea vine rakes, and all of the machines included under the classification "Harvesting machinery" except the pea and bean harvester. According to the pamphlet in 1922 the total value of all harvester machinery, as shown by the census, was \$11,821,848, and of that amount \$57,592 represented pea and bean harvesters.

Defendants' Exhibit (S) 21 gives the profits of the six years 1917 to 1922, prepared in two different ways, one on the basis of inventories at cost or market and the other on the basic inventory method. We adopted the basic inventory method of valuation in order to present the accounts and financial statements correctly between those years. We have, however, made a calculation for each of those six years to show what the earnings would have been on the cost or market method of inventory valuation. The total profits of the six year period came to the same figure on both methods. To explain the essential difference between the methods and the effect on distribution and profits: The basic inventory plan consisted 421 in carrying a minimum quantity of inventory through this period of rapidly inflating and deflating markets on a normal basis of costs. We believe that there was no other correct or accurate financial method of determining earnings. The cost or market method had the effect of throwing into certain of the years profit arising merely through inflated value of the inventory which could never be realized in the sale of the product to the consumer. We determined the minimum inventory to be the quantities on hand at the close of 1917 manufacturing and selling seasons. It was a normal quantity of inventory which the company must constantly carry over from year to year to conduct its business. The cost or market

method would have the effect of increasing the value of this minimum inventory during the period of rising prices and decreasing it during the period of falling prices, with the result that the paper profit would be passed through the books and taken out again. Actually that inflation of inventory valuation in those years would have shown a book profit on our investment in material inventories which could no more have been realized than the inflation of the real estate and buildings which the company has for manufacturing its products. That inflation entirely disappeared at the close of the fiscal year 1921.

Mr. Bennett testified that in the cost tables he arrived at the Harvester Company's selling and distribution expense by prorating the entire selling and distribution expense equally over the machine and twine business according to the volume in dollars and cents.

Mr. ELLIOTT. I asked Mr. Bennett if he had made an investigation to satisfy himself as to whether his method of proration of the Harvester Company's method of dividing sales expense was right, and he stated that he had not been able to obtain full information from the company on that subject. What is your recollection as to whether Mr. Bennett's recollection on that matter is correct?

Mr. REAY. I am satisfied that Mr. Bennett's recollection in that particular is mistaken. Full information was given to Mr. Bennett by me as to the great difference arising in marketing twine as compared to farm implements.

No other harvesting-machine manufacturer either makes or sells twine. There are a large number of other twine manufacturers. Twine requires little selling effort—no service, as its use disappears with each harvest, and the warehouse and storage expenses are smaller than on farm implements. Moreover, in certain sections twine is sold C. O. D. so that the expense of collecting on sales of twine is less than the expense of collecting on implement sales. The Harvester Company has sold twine to various jobbers throughout the United States for years. The commission given the jobbers is usually about half a cent per pound from the dealer's carload price. In four or five years during the period of inflation that commission ran as high as three-fourths of a cent per pound. What I mean is that the jobbers actually purchased from the Harvester Company at that much less than we sell to dealers. Out of that discount the jobbers have to meet all selling expense involved and make their profit.

According to our information and experience in the twine trade, a selling and distribution expense of one-half cent per pound, usually less, is incurred. If the entire selling expense of the combined implement and twine business were prorated equally according to the volume of sales in dollars, by the method used by Mr. Bennett, the selling expense on twine per pound would be about two cents. The average profit of the Harvester Company in the United States for the period of 1903 to 1923 on twine runs about

one dollar and twenty cents per hundredweight. If, for the year 1918, the selling and distributing expenses on binders, mowers, and rakes were divided according to the company's regular method—that is, one-half cent per pound on twine and the balance to the implement business—it would increase the cost of a grain binder five dollars and a quarter; on a mower, two dollars and six cents; on a rake, one dollar and thirty-six cents; and on a corn binder, five dollars and forty-nine cents above the cost as shown in Mr. Bennett's tables. For the year 1916 the cost of the grain binder would be increased three dollars and forty cents; the mower, one dollar and thirty-three cents; the rake, sixty-nine cents; and the corn binder, three dollars and seventy cents.

424 Cross-examination by Mr. MYERS:

In defendants' Exhibit (S) 15, being a summary of sales of machines and repair parts in the United States, divided between old lines and new lines, under the classification "Old lines" we have listed those machines manufactured by the companies which were acquired by the International Harvester Company in the fall of 1902. Under the classification "New lines" we have included those added since. The Osborne Company, which was acquired in 1903, manufactured tedders. Prior to 1903 shredders were manufactured; also some corn pickers, and these are manufactured principally by McCormick. Tillage implements were made by the Osborne Company prior to 1903. In the estimate of \$216,854, in 1903, were included miscellaneous attachments pertaining to the machines listed above. This classification is confined to the machines under investigation in this suit. By old and new lines are meant lines manufactured before and after the combination. That division is true, with the exceptions I have just noted. To make it absolutely true, these several items would have to be included in the old lines, if by old lines you want to include everything manufactured by those companies in 1903.

The classification of motor trucks includes all motor trucks marketed by the International Harvester Company, and they are sold principally to dealers in that line. The largest percentage of our motor trucks are disposed of in the larger cities for general hauling purposes. Our principal engines at the present time are one and one-half horsepower, three horsepower and six horsepower. The average price of all engines sold in 1923 is \$822.50. For the most part they were sold through retail implement dealers. They were particularly designed for general farming purposes.

425 In defendants' Exhibit (S) 16 the percentages shown are percentages of the net proceeds of sales.

The classification observed between the old and new lines is the same as that given in Exhibit No. 15, and the changes indicated in order to make a strict classification between the old and new lines in that exhibit would have a minor influence upon the chart.

Mr. MYERS. The chart showing sales proceeds, rather than numbers of implements, and having in mind that new lines are usually very

valuable, it would have quite a marked difference, wouldn't it?

Mr. REAY. Well, there are a lot of machines included in the new line which are much less valuable than any machine included under the old line, so that it works both ways.

Mr. MYERS. And there is nothing definite or certain about it? It is a question of whether or not, as a result of an accurate calculation and average, they would not have offset each other?

Mr. REAY. Well, the chart reflects the actual condition as stated in the previous exhibit.

Mr. MYERS. It reflects the accurate condition according to your classification?

Mr. REAY. Well, even if the classification were changed to conform with what you would like to have, it would still show the same remarkable decrease in the old line sales and the wonderful increase in the new line trade. I think it is obvious from the amount of sales in 1903 of the machines which you would like transferred to the old classification.

Mr. MYERS. That is based upon your supposition that there are 426 enough cheap machines in the new line to offset the expensive ones?

Mr. REAY. That is certainly true with respect to quantities.

The exhibits that we have thus far considered have had to do with proceeds. Defendants' Exhibit (S) 17 gives them by quantities. In the classification of old and new lines there, the same distinction is observed as in Exhibits 15 and 16.

Knife grinders are very small tools designed for sharpening knives. I think all of the constituent companies manufactured them before the combination. As a result of including that item in the new lines, although they were manufactured by all of the constituent companies, we added 78,429 machines to the total of new implements for that year. It looks large in quantity, but its effect on sales proceeds is small. The sale of knife grinders is not large at the present time. Harrows for the year 1903 were disc harrows, spring-tooth harrows, peg-tooth harrows; in number 38,712. They were manufactured prior to 1903 by the Osborne Company. In these exhibits we have omitted tedders from the old line of harvesting machines. The line of tedders was manufactured by the Osborne Company and acquired in 1903. None of the other companies manufactured a tedder prior to the consolidation. The harvesting machines manufactured by the Osborne Company, grain binders, reapers, corn binders, mowers, and rakes, are included under the old-line classification. In 1913, 215,139 harrows were sold. In 1923, 125,780 were sold.

Mr. MYERS. And your decision to classify that as new line rather than old line, notwithstanding the fact that they were manufactured by one of the constituent companies, has very appreciably swelled the total of the new-line machines, hasn't it?

427 Mr. REAY. It is in that classification, but they are comparatively small tools.

The Osborne Company made the cultivators at the time it was taken in. In 1920, 100,111 were sold, and last year 90,503 were sold.

Mr. MYERS. That is another instance where your classification has helped to swell, very materially, the item of new lines as against old lines?

Mr. REAY. Well, it is more an illustration of the development of a very small line in 1903, manufactured by one company, to its present proportions.

Defendants' Exhibits (S) 18 is a chart merely portraying the decline in grain binders, mowers, rakes, and corn binders, which are included under a heading "Old line machines." Merely the character of the machines are indicated, but not necessarily all are included. Part of the same exhibit is a draft which shows a very severe decline in the sales of old-line machines. If we added lines in there for other machines, such as harrows, etc., made by some of our constituent companies at the time they were acquired by the Harvester Company, it would afford lines running in the other direction, but of much smaller tools and tools not referred to in this proceeding.

428 Referring to defendants' Exhibit (S) 19, the figures taken from the census reports and incorporated under the heading "All manufacturers" are in each instance the total figures for all the manufacturers including the International Harvester Company, so that the contrast is between the International Harvester Company and all manufacturers, including itself. The census requires that the value be *f. o. b. factories*. In collecting the information the bureau furnishes forms and sometimes sends representatives around to instruct us in the correct preparation.

In petitioner's Exhibit (S) 113 for identification census report 1919, on page 10, under the heading "All other agricultural implements including parts," it is my understanding that all products not included under the headings listed and made by farm implement manufacturers are listed there.

Under the heading "Products, total value" the total figures in the short classification equal the total at the top. The total of the more specific enumeration of implements continuing down that column and including all of the following column is in numbers of machines and not dollars. I do not know what the census included in the term "Other," in the 1919 census, which amounted to 1,096,987, but we included all the other kinds of farming implements that we make. The items included therein for the year 1919 which the International Harvester Company does not manufacture are grain cradles, grain elevators for use on the farm, hay carriers, hay forks, clover hullers, fanning mills, equalizers, pumps, and windmills.

In petitioner's Exhibit (S) 114 for identification, manufacture, and sale of farm equipment, 1922, referring to Table 2, we do

429 not manufacture transplanters, bean drills, nor hand potato planters. Table 3: Plows and listers manufactured and sold in 1922. We do not manufacture plow stocks. Table 4: Tillage implements manufactured and sold, 1922. We do not manufacture

weeders nor stone boats, although we do manufacture a receptacle for holding either stones or other weights. Table 5: Cultivating machinery manufactured and sold, 1922. Hand cultivators. I can not say regarding gooseneck and chisel and push cultivators, under the miscellaneous cultivator classification. Table 6: Harvesting machinery manufactured and sold, 1922. Pea and bean harvesters. Peanut harvesters. Kaffir corn headers. Table 7: Haying machinery manufactured and sold, 1922. Pea-vine rakes. Table 8: Machine for preparing crops for market or use, manufactured and sold, 1922. I am informed that our regular thresher is adaptable for threshing peas and beans.

Grain cleaners and graders. I can not state what is included in "Other machines for preparing crops for market or use," but the footnote to the table indicates. Peanut pickers. Root cutters. Vegetable pulpers. Corn snappers. Peanut shellers. Cleaners and graders. Almond hullers and corn slicers. Rice shellers. Broom corn scrapers. Onion toppers. Bean sorters. Potato sorters and graders. Number 9: Gas and steam tractors manufactured and sold, 1922. Track-laying gas tractors, caterpillar type. Steam tractors. Table 10: Gas tractors manufactured and sold, 1916 to 1922. I assume you don't want any statement regarding that table.

Mr. MYERS. Gas tractors are the only item included in there, and you do manufacture gas tractors; is that so?

A. Yes, sir.

Mr. MYERS. Then there is nothing to be said with reference to that table?

The gas tractors were included in the preceding table, and 450 this is a summary of gas tractors manufactured and sold,

1916 to 1922. Table 11: Horse-drawn vehicles manufactured and sold, 1922. Light spring vehicles, buggies. Table 12: Barn and barnyard equipment manufactured and sold, 1922. Overhead feed and litter carriers. Hay carriers. Track for carriers. Hay forks. Hay slings. Feed trucks. Stanchions. Manger partitions and fittings. Stalls and fittings (not including stanchions and manger divisions). Stock tanks and waterers. Hog troughs. Other barn and barnyard equipment. Table 13: Miscellaneous farm equipment manufactured and sold, 1922. Beekeepers' supplies. Milking-machine units. Butter-making equipment. Cheese-making equipment. Farm elevators. Forks. Hoes. Rakes, meaning hand rakes, and shovels, meaning hand shovels and not cultivator shovels. Grain graders and scythes. Scythe snaths. Lightning rods. Portable corn cribs. Portable grain bins. Poultry-farm equipment. Incubators. Brooders. Hand stump pullers. Tread powers. Hand or windmill water pumps.

Thirteen is continued on the next page. Push carts. Seed potato cutters. Silos. Stump pullers. Tank heaters. Water-supply systems. Wheelbarrows. Windmills. Windmill towers. Road-making machinery. Graders. Ditchers. Lawn mowers. Storage tanks.

Scales. Posthole diggers. Silo roofs. Wash machines. Orchard-irrigating systems. Ladders.

Defendants' Exhibit (S) 20 gives a comparison of the wholesale prices in the United States of typical old-line machines and typical new-line machines, 1913 to 1923. The dates given in the left-hand column are those on which price changes became effective.

The figure 100, which is January, 1913, represents the wholesale prices in effect at the beginning of 1913 as an index number. In

the first column the next change is March, 1916, and the index number is 105, and that represents an increase in price of five per cent. The column "Simple averages" for typical old-line and new-line machines shows, respectively, the average of the index numbers of each of the machines shown under those headings.

To obtain a weighted average we used the average quantities of each kind of these machines listed, sold during the ten-year period, and multiplied such average quantities by the wholesale price of each typical machine in effect at the various dates. The purpose of the weighted average was to show a different comparison to the mere simple average. The supporting data for this exhibit are the published prices of the International Harvester Company effective on the dates given.

The International Harvester Company has usually at least one full-page advertisement in each issue of the Retail and Implement Dealers' Bulletin, which is the official publication of the National Federation of Implement and Retail Dealers' Association.

The Wisconsin Lumber Company was formed since the organization of the International Harvester Company. The properties of the lumber company were acquired on October 1, 1902. The timber lands were the property of the Deering Harvester Company. The sawmills on the tract were constructed by the International Harvester Company itself or one of its subsidiaries. These properties are served by a short-line railroad, the stock of which is owned by the International Harvester Company. The road was constructed after the acquisition of the Deering properties.

The transition from the use of hardwood to southern pine in the manufacture of harvesting machines commenced between fifteen and twenty years ago, and the consumption of southern pine has been increasing since. Hardwood is more expensive for our purposes than pine. Practically ninety-nine per cent of the lumber produced by the Wisconsin Lumber Company is sold to other customers. There is not a profitable market for hard lumber for us except in exceptional periods.

I think the amount we received from the Government as part of the cost of the by-product coke ovens constructed at the instance of the Government was \$1,187,000, and I think the total cost of construction was about four and one-half millions.

I think the original contract with the Government for tolzol was for a period of two years, which was not extended. The coal gas, which is one of the products of the by-product coke ovens, has been

sold principally to the Peoples Gas Company. A portion is used in connection with the blast furnaces of the Wisconsin Steel Works. We are converting our steel production from Bessemer to open hearth. Bessemer furnaces will be scrapped. We do not anticipate any increased steel production from the open-hearth process. I believe the by-product coke ovens are essential to a modern steel investment.

Included in an article in the January 3rd, 1924, issued of Iron Age, entitled, "By-product coke capacity increasing: ovens capable of producing nearly fifty million tons, of which over eighty per cent is to meet the demand of blast furnaces," is a table showing the number, kind, and annual capacity of by-product coke ovens in use by iron and steel companies and in use by commercial or gas plants. There are 38 companies listed, with 9,466 ovens; annual capacity in net tons, fifty-six million two hundred four thousand two hundred tons of coal and forty-one million two hundred sixty-four thousand six hundred fifty tons of coke.

433 The cost system in our steel works was not outlined by any firm of public accountants. It was done entirely by members of the accounting department under my direction. The system is practically uniform with that employed in the steel industry generally. The costs with reference to steel products and by-products of these coke ovens as given in the exhibits identified by me were strictly in accordance with that accounting method. The production cost makes no provision for interest or Federal income charges.

The manufacturing plants of the International Harvester Company obtain approximately fifty per cent of their steel requirements from the Wisconsin Steel Works and fifty per cent on the outside. The Harvester Company takes approximately one-half of the output of the Steel Company. The reason is that the production of the Wisconsin Steel Works is limited to practically agricultural shapes and sizes. But there are other varieties of steel which we are compelled to purchase from other suppliers. Also, certain of our works are not favorably located to purchase steel from the Wisconsin Steel Works.

Statements showing steel requirements, Wisconsin Steel Works' profit, per binder, mower, rake, and corn binder, 1923, marked "Petitioner's Exhibit (S) 115 for identification."

This exhibit shows that a great deal more of the steel rolled at the Wisconsin Steel Works was used in the manufacture of machines than of steel purchased from outside concerns. The proportions on other kinds of machines vary considerably on machines other than harvesting machines. All of these machines were made in Chicago. The Deering and McCormick works are conveniently located as regards the steel works. The fifty-fifty proportion did not relate to harvesting machines, but to an average of all the output of the
434 International Harvester Company; but for these machines, for the purpose of this calculation, we have assumed that all

steel shapes and sizes which the Wisconsin Steel Works can roll actually went into the production of these machines, so that it represents the maximum amount of Wisconsin steel that could possibly enter the production of binders, mowers, and rakes. I would say that in the manufacture of a six-foot binder there must necessarily be included 116 pounds of steel of the kind that the Wisconsin Steel Works is not equipped to make.

Defendants' Exhibit (S) 24, entitled "Reconciliation of annual net profits as shown by the books of the International Harvester Company with the profits of that company as stated in the Federal Trade Commission report," shows the annual net profit 1913 to 1918, inclusive, as shown by the books of the Harvester Company and profits reported by the Federal Trade Commission, and specifies the differences between the two. These differences also include differences arising from the methods of valuing inventories at the close of the years 1917 and 1918. The item of difference which is the result of the rejection by the Federal Trade Commission of the basic inventory principle is the second—"Provision for decline in inventory rules." For the years 1913 to 1916 we had not adopted the basic inventory method because no period of general inflation had at that time occurred, but it was prudent to make certain inventory deductions in value. So that there were differences between us and the Federal Trade Commission without a dispute as to the basic method. They were ordinary provisions for inventory depreciation found necessary during the period of deflation, and which were wiped out by that deflation. I include in that category the items for the years 1913 to 1916. They were general inventory provisions subsequently found necessary to meet the catastrophe of 1921.

445 Mr. MYERS The fact that the items are not included in the Federal Trade Commission computation clearly shows that it was their opinion that they should not be, doesn't it?

I never heard their opinions expressed on most of these items. Certainly there can not be any argument about most of the deductions being absolutely essential. In opposition to Mr. Bennett's testimony, I would say that the work was done strictly in accordance with the best accounting practice.

Federal income taxes are not included as an item of cost of manufacture of harvesting machines.

I do know that in the Federal Trade report Mr. Bennett included all of the trading profits earned by the International Harvester Company during those six years and yet excluded all of the losses which he could discover. The losses resulted in only a slight degree from the destruction of physical property. They were principally losses arising from the deflation of foreign currencies. Our foreign receivables expressed in foreign currency we had, under the rulings of the Income Tax Bureau, the right to revalue at the market quotations prevailing at the close of each fiscal year.

Mr. MYERS. The losses, none of them, resulted in affecting the capital account of the company, did they?

Well if we have a loss on an asset surely it affects the financial position of the company.

Mr. MYERS. Was there any adjustment of the capital account as a result of these losses?

There was an adjustment of the surplus of the company, as otherwise the earnings for these years would have been larger and the surplus would be increased.

Mr. MYERS. Your complaint of the action of the Federal Trade Commission is that it does not show the true situation as regards your company and not that it puts you in an unfavorable position in comparison with the other companies included in the computation?

I do not know whether the other companies are subject to the same kind of deductions as the International Harvester Company.

Mr. MYERS. You are satisfied, aren't you, that like treatment was accorded all the companies in the matter of these deductions?

I am not convinced of that at all.

Mr. MYERS. You are inclined to doubt the disinterestedness of the work done by Mr. Bennett?

I am not questioning either Mr. Bennett's motives or the motives of the Federal Trade Commission, whom he represented. I do know when Mr. Bennett testified in regard to materials, for example, that the material costs of other companies were largely inflated, while he reduced the material costs of the International Harvester Company to actual costs.

Mr. MYERS. Is it your belief that there was any motive on the part of the Federal Trade Commission to discriminate unfairly against the International Harvester Company as regards the other companies in making up these tables which reflected the situation of all?

Mr. LEXBURY. Defendants object to that question as not a proper one.

I don't know what their motives were but I am satisfied that they have grossly misrepresented the comparisons.

Mr. Bennett stated that he found it impossible, owing to the inadequate accounting and other systems of other companies, to adjust their accounts and costs in the manner that he adjusted the International Harvester figures. He also testified that the three principal competitors of the International Harvester Company, the Deere, Moline, and Emerson-Brantingham, had adequate cost accounting methods.

437 Mr. MYERS. The subject of war losses again. Is any part of that represented by the investment of the International Harvester Company in Russian bonds?

During the war we were unable to buy exchange in Russia and a large sum of money accumulated and it was deposited in the Im-

perial Bank, and at certain times certificates of deposit were issued for a large portion of that sum.

I think the National Imperial Bank of Russia was a Government institution at that time and that those certificates were considered the securities of the Russian Government.

The International Harvester Company had a small funded indebtedness during this period. It has none to-day. This item of interest on the indebtedness refers almost entirely to money borrowed during the year for carrying on the business of the year and repaid before the close of the fiscal year. I think the amount of the surplus in the treasury of the Harvester Company at all times in these years was greater than the maximum amount of money borrowed during the year.

I do not know whether other companies had an item for a pension fund as did the Harvester Company.

In the years 1913 and 1916 we made so-called special maintenance charges in part lieu of using higher rates of depreciation. We had two forms of depreciation charges—the strict plant depreciation and the special maintenance. The income tax authorities suggested that it would be better to combine the two, so in subsequent years the rates of depreciation were increased to the standard rates permitted by them and the special maintenance charges were dropped. I think that explains the larger part of the provision for extraordinary repairs and renewals. The balance consists of a provision made during each of those years for a replacement to be undertaken in some future year in order to apportion the cost of such replacement equitably between the years.

438 The item of interest paid on indebtedness, shown in defendants' Exhibit (S) 24, represents altogether interest paid in cash on borrowed money. Those items are the total interest charges of the Harvester Company for the years stated. The accounting methods of the company provide for the allocation of those interest charges over all of the operations of the company and its subsidiaries.

439 The basis of allocation to the manufacture of finished steel products, coke, coal, and other articles included in the tables computed by Mr. Allen from exhibits furnished by the defendants, would be to prorate the borrowed money to the requirements of the various subdivisions of the business. I do not mean the volume of business exactly, but on the comparative cost of producing steel, farm implements, twine, et cetera. I would say that about ten per cent of the volume of output of the Harvester Company is represented by the steel works. That percentage would hold true approximately, whether the figures were made on the basis of the manufacturing cost of the output or the sales value thereof.

The International Company makes no allowance for rent in computing its manufacturing cost or its profits. In order to make a fair comparison between the expense of transacting business at branch houses we charge a rent for the branch houses owned by the

company. That in turn is offset by the taxes, repairs, and other charges, so that no credit or loss therefrom appears in the final net profit of the company.

I will obtain a reconciliation of the interest paid on indebtedness as shown by defendants' Exhibit (S) 24 with the figures requested by yourself. There appears to be a difference between the interest shown there and the same items given in the annual report for the first year.

The "Provision for amortization of iron ore and timber" provided in our cost accounts is aimed to extinguish the life of the various iron ore, coal, and timber properties over the period of extraction of those raw materials. The timber lands are owned in fee. The iron-ore rights are obtained through leases. We commenced the amortization of these properties the first year of 440 their use and have not changed the rates during the entire twenty years. The figures of amortization were calculated by the representatives of the Federal Trade Commission on the basis of their reduced values of those properties as of October 1, 1902, whereas our amortization calculations are based on the actual cost of those properties to the company. The reduction made in the report of the Bureau of Corporations in the value of these properties was ten million dollars.

The "Provision to meet the future collection and cost of receivables" is made because in the implement business where a long period elapses between the date of a sale and the collection of the proceeds, sometimes after the close of the fiscal year in which the sales were made it is deemed prudent to set aside currently a reserve for such collection expenses. I should say an average not exceeding five per cent has generally been expended in collection during the following years. There is a considerable variation in the carry-over of receivables from year to year. This charge was fixed at two hundred thousand dollars for the years 1913 to 1916, inclusive, and one hundred thousand dollars for 1917. It is less for 1917 probably, because some of the other requisite provisions were a larger drain on the company's earnings in that year and we did not provide quite so much on this particular reserve. No such reserve was made for 1918. Beginning with 1917 we were obtaining a larger percentage of cash from each year's sales in the United States than previously. I know that other companies consider it prudent to provide for this requirement, but whether they made such provision in this period of years and whether the Federal Trade also excluded them I am unable to say. From the fact of uniformity it appears to be an arbitrary charge. It has a relation to the year's earnings, if there were any charged off in that particular year, to save collection cost.

The reserve was of such character that we had some leeway in 441 treating it so that although the receivables fluctuated from year to year, this cost was uniform for each year excepting 1917.

In regard to "Provision for fire insurance fund," some fifteen years ago the company adopted the plan of carrying a portion of its own fire insurance, and has been gradually establishing out of earnings a reserve reasonably adequate to meet that hazard. This does not entirely eliminate our expenditures for insurance with insurance companies. In our accounts we also charge for fire insurance risks carried in the company's fire insurance reserve. There is a large amount of outside insurance. The difference between the value of the company's property and the amount of insurance carried with outside companies is covered by this "Provision for fire insurance fund." We only carry our own fire insurance at more or less isolated properties where the value does not exceed four hundred thousand dollars at any one location in the United States. I think that the entire insurance risk of the International Harvester plants is covered with mutual and other insurance companies. This item covers branch houses and similar stocks of goods in the United States and the rest of the world. I do not know that other companies engaged in the agricultural implement business carry such provision on their accounts. Regarding "Provision to meet obligations arising under company's employees' savings plan," in the year 1915 the company announced a savings and investment plan under which all employees in the United States and Canada were permitted to subscribe monthly to the capital stock of the company. The company agreed to credit them with one per cent of their annual pay up to a certain amount, and, in addition, after they had acquired the capital stock, all of which under this plan was common stock, they were given a share for five years in the earnings of the company, depending upon the percentage of earnings in excess of six per cent on the capital invested in the business. There were over fifty thousand shares subscribed. It is a deduction from income from 442 operations. I can not state whether other agricultural implement companies have such a provision.

The "Provision for contingencies" was intended to cover an extra provision for bad debts during this period and other contingencies which do arise in most lines of industry. Every dollar of these provisions was actually wiped out at the close of the war. A portion of this provision for contingencies had to be used to aid in wiping out war losses, the specific provision for which was insufficient. There was an overlapping in the use, perhaps, of the reserve, so that this item would stand or fall with the item of war losses.

In defendants' Exhibit (S) 21 there is an item entitled "Earnings, investment, and so forth," which shows an increase in the capital stock of the International Harvester Company at approximately thirty-eight million dollars since the formation of the company in 1902. I do not recall that any of it was sold for cash. I think the first increase was in 1910, when twenty million dollars was issued. It was a distribution of surplus. Every dollar of the surplus account then and now has been the result of earnings and none has

arisen from any increase in the capital assets, either through appraisal or otherwise. The surplus of seven million seventy-eight thousand dollars arising from the excess value of the properties acquired over the par value of the capital stock issued therefor was charged off the books.

Under the heading "Total investment" in this exhibit "borrowed capital" means the average amount of money obtained from banks or others by loans in those years, both current and long-term borrowings. The International has not engaged extensively in long-term borrowings. At one time we had a long-term loan of twenty million dollars, originally made, I think, in 1911. My recollection is that that loan was not secured by mortgages on the proper-

443 ties of the company. They were five per cent gold notes. This item of "Borrowed capital" is the same item for which interest was disallowed by Mr. Bennett in arriving at annual net profits. It is not customary in our business to include such current borrowings as invested capital in figuring net profits.

The amount of decreased earnings for the year 1917 due to the use of the basic inventory system instead of the cost or market principle, was \$6,407,117; for 1918 it was \$5,321,388; for 1919, \$3,799,513; for 1920, \$3,198,041. The increased earnings for the year 1921 due to the use of the basic inventory principle amounted to \$18,726,059. For the year 1922 the result was the same under both principles.

Mr. Bennett discussed with me at considerable length the merits and demerits of the basic inventory principle. He stated to me that he would have arrived at exactly the same result in calculating our earnings during that period as we did, but by a different plan. Instead of deducting the same amount from the inventory, he would have credited that amount to a reserve, the effect being exactly the same. Mr. Bennett expressly told me that he was, to use his expression, "in love with the results that we had obtained," but he did not concede the basic inventory principle itself. He excluded the basic inventory figures from our reports. Whether he did that of his own volition or not I cannot say. The commission's rejection of the basic inventory principle was not surprising because I knew how the commission felt about it.

We discarded the basic inventory principle in 1921 for the present, because it is no longer essential in the correct preparation of financial reports of the company.

Reverting to the item of foreign losses in defendants' Exhibit

(S) 24, the only confiscation or destruction of real property
444 which I recall was a warehouse at Windau, Russia, and of a small investment we had made in addition to leased properties at Karkov and Odessa, Russia. I think approximately two hundred fifty thousand dollars of the loss at Windau was charged off during the period, but the losses at Karkov and Odessa were subsequent to the six year period.

The second increase in the capital stock was in 1920 when ten millions was transferred from surplus to the capital stock of the company. That surplus was made up of cash from operations entirely. In 1921 there was an increase of \$4,116,114 in the common stock of the company and \$223,300 in the preferred stock of the company. The increase in the preferred stock is a small amount of stock which was issued for cash. The increase of \$4,116,000 in the common stock arose by transfer from the surplus of the company to the common stock of the company. That surplus consisted entirely of earnings from operations. The last balance sheet of the company, December 31, 1922, shows a surplus of \$52,201,672.45, altogether represented by cash earnings from operations. I think there undoubtedly has been an enhancement of the real estate, plants, and equipment of the International Harvester Company, due to the increase in the value of real estate and so forth in the last several years. This was especially true during the war period. Those properties were carried on the books throughout that entire period at their original cost or their depreciated value, but no increase in value.

445 The International Harvester Company owns one ore boat, used entirely for transporting ore from the upper Lake ports adjacent to our iron ore lands to Chicago and such return cargo as it may get.

I should say about half the business in binder twine in the United States is controlled by the International Harvester Company. The largest of our twine competitors is the Plymouth Cordage Company of Massachusetts. Ninety per cent of the binder twine made in the United States is made from sisal produced in Yucatan. We have no sisal plantations there, but we have one in Cardenas, in the Province of Matanzas, Cuba, which is just coming into bearing. We have as yet only imported a very small number of bales from that plantation. The Sisal Sales Company of New York purchases and imports all the sisal produced in Yucatan. The International Harvester takes a very considerable quantity from them. We import a relatively small quantity of sisal direct from Yucatan, depending upon the available independent supply.

Our Cuban plantation consists of three thousand acres, of which seventeen hundred acres are under cultivation at the present time and an additional four hundred acres have been cleared for planting. In 1922 my recollection is that we received from that plantation about five thousand bales; there are about 380 pounds of sisal to a bale. This would be a little over one percent of our normal

446 requirement. The amount of fibre we may ultimately obtain from this undertaking in Cuba, which is partly experimental, will be, I think, 25,000 to 35,000 bales. We have not been successful in similar undertakings in other equatorial countries.

We sold a small quantity of binder twine to Emerson Brantingham in 1919. That is the only case I have in mind where we sold binder twine to any other agricultural implement company. We sell binder twine principally to dealers. Farmers customarily pur-

chase their requirements of binder twine from implement dealers. We sold over ninety per cent through dealers last year, and I think that percentage during the period 1913-1918.

Binder twine does not deteriorate in quality rapidly if properly housed. The Harvester Company does not experience any loss due to that cause. The basis of my statement that our selling expense on twine was approximately the same as that of our competitors in the twine business is that I aim to keep posted on conditions in the twine trade, and from that contact I naturally have a fairly good opinion as to the cost endured by our competitors in marketing that product. The only information I have as to the selling costs of the Plymouth Cordage Company is what I gained in Washington during the war when I was called over to the Food Administration from the War Industries Board to consult with them in their ascertainment of the cost of selling twine. They had at that time information from practically all twine makers and distributors.

Practically all our competitors sell their produce exclusively 447 to jobbers. When the provision for Federal income tax was made for the years 1917 and 1918, our Federal income tax payment had not been determined, and the amounts shown in the total of Federal taxes in defendants' Exhibit (S) 24 are some greater than the amounts finally paid. They are the amounts rejected by the Federal Trade Commission.

The basic inventory principle applies to a normal quantity of the various items in the inventories priced at 1916 values. It applies to the normal quantity of raw materials, work in process, and finished machines—normal not actual amount. I think it is possible to prepare a schedule showing the difference between the actual numbers on hand and those taken into account as normal amounts, and I will do so.

I keep in mind that we generally sell in the United States one hundred and twenty million pounds of binder twine annually. The exact amount depends upon the crop requirement. The demand, like the demand for harvester machines, fluctuates.

The statement "Comparison of wholesale prices—United States, 'old' and 'new' line machines, 1913 to 1923, used in determining index numbers shown in Exhibits D (S) 20" supports the figures in defendants' Exhibit (S) 20. There are some differences between the machines included in the index numbers and those included in the weighted averages of that exhibit. Under the heading "Typical 'old' line machines," 8-foot grain binders, 5-foot reapers, 448 12-foot push headers, 12-foot push harvesters, and corn bind-

ers were included in computing weighted averages. The weighted averages given for both new and old line machines include all machines under those respective categories as shown by the supporting data to defendants' Exhibit (S) 20, and are not confined to the items specified in the exhibit proper, with the exceptions noted in the exhibit. The simple averages, however, are restricted to

the machines for which index numbers are given. The reason for not confining the weighted averages to the particular machines enumerated in that exhibit was that we desired to give expression to the entire new line business of the company so far as practicable.

Compilation entitled "International Harvester Company United States works' inventories matched machines," marked "Petitioner's Exhibit (S) 118, for identification only."

These figures are the actual number of each class of machine on hand at the United States Works in complete form at October 1, 1917, '18, '19, '20, '21, and '22. The figures shown under the heading "International Harvester Company country inventory in quantities, United States, years 1917 to 1922," are the numbers of the machines under each classification carried over on the territory in the United States at the close of the selling seasons 1917 to 1922, inclusive.

The figures under the heading "International Harvester 449 Company comparative inventory value of typical machines,

1917 to 1922, inclusive," are the cost or market value applied to the numbers of machines by classifications at the close of the years 1916 to 1922, inclusive. The figures under the first heading show the inventory on the works, under the second heading the inventory throughout the United States, the two together making an actual inventory for the years stated of the complete machines carried over in the United States. Under the last heading beginning on page five is shown the value of typical machines in the inventory on those years at the cost or market valuation. In 1916 the costs were based on the cost or market basis. The quantities were actual and the values normal. In 1917, shifting to the basic inventory method, we used the quantity of 1917 and the normal values of 1916, and the same was true in 1918, and also in 1919, except that in that year we acquired two plow businesses in the United States, the P. & O. Plow Works and the Chattanooga Plow Works, and the plow business was computed on the cost and market basis, which was the way we purchased the inventory. In 1920 we used the same method as regards quantities and normal values as in 1919, and we handled plows in the same way as other inventories—that is, we endeavored to arrive at a basic differential to conform with the general principle adopted.

The percentage of the plow business of the company to the total machine and repair business of the company is about three per cent.

450 Statement headed "International Harvester Company comparative inventories, 1922-1917," marked "Petitioner's Exhibit (S) 119 for identification."

This statement is a summary analysis in comparative form of the inventories of the company at the close of each of those years. During this period the provision resulting from the basic inventory differential was the only provision made to protect the company against declines in inventories. The item "Provision for decline

in inventory values" states an item of reconciliation between the figures of profits in the Federal Trade Commission's report and our figures. It does not necessarily give the entire amount of the provision in any particular provision arising from the basic inventory principle differential in any particular year. These provisions made by us were not wholly rejected for those years by the Federal Trade Commission. For the years 1917 and 1918 the figures given under the item do show item of that provision under the basic inventory method.

I have prepared a statement entitled "Reconciliation of interest paid on loans per annual reports with interest paid on indebtedness per defendants' Exhibit (S) 24 for the years 1913 to 1918."

(Marked petitioner's Exhibit (S) 121 for identification only.)

Statement entitled "Statement of net profit on sales to other customers of iron ore, pig iron, steel billets, finished steel products, coal and coke by-products, and lumber during the years 1916, 1918, 1920, and 1922," marked "Petitioner's Exhibit (S) 120."

451 The employees of the Wisconsin Steel Works participate in the pension fund and the employees' savings arrangement in the same way as the employees of the harvester works.

452 At the time of the issue of the gold notes we were borrowing more money currently from banks than was considered safe, and as in this business it has always been considered desirable to discharge your short-term borrowings from banks before the close of the fiscal year period we decided upon a long term borrowing for a certain portion of our requirements. I believe the first gold notes issued to the extent of twenty millions were issued in 1912. We commenced to discharge those gold notes in 1913 and continued their retirement until the end of 1918. That money was borrowed primarily for the general requirements of the business. It is not customary to borrow money on that definite method of financing for capital construction purposes. That money is usually provided either through the capital of the company or its surplus.

I think the Wisconsin Steel Company relied entirely upon the financing of the International Harvester Company.

In Exhibit P (S) 121, for identification, for the year 1913, interest on loans is shown as in the annual report as \$2,993,176. That figure does not include the pension fund, insurance fund, employees' savings account, trade creditor balances, intercompany balances, discount on gold notes, nor premium on gold notes. Adding those items to the figures given in the annual report totals the amount of interest on indebtedness as shown in defendants' Exhibit (S) 24.

Statement headed "Federal income tax, years 1913 to 1918," marked "Petitioner's Exhibit (S) 122, for identification only."

Figures contained under heading of the first column, entitled "Provision for Federal income taxes," are the figures for which provision was made by us and disallowed by the Federal Trade Commission as shown in defendants' Exhibit (S) 24.

453 In apportioning Federal income taxes over the iron ore, pig iron, steel billets, finished steel products, coal and coke, by-products, and lumber, in Exhibit P (S) 120, we used the amount of Federal taxes actually paid and not the amount of the provision.

Statement headed "Analysis of interest on loans per annual report, years 1913 to 1918," marked "Petitioner's Exhibit P (S) 123," was compiled under my direction and is correct.

Mr. MYERS. Mr. Reay, I will ask you a question to illustrate for us the actual operation of the basic inventory principle. I think it can be resolved here in just a minute. Suppose the actual inventory of 1916 contained twenty machines costing one hundred dollars, the inventory for 1917 contained twenty-five machines costing one hundred and fifty dollars, and the inventory for 1918 contained forty machines costing three hundred dollars. Assuming that the cost price is lower than the market, what number of machines would be included in the 1918 inventory on the basic inventory value basis and at what price or prices?

Mr. REAY. The basic inventory for 1918 would contain twenty-five machines at a value of one hundred dollars per machine.

Redirect examination by Mr. ELLIOTT:

I have prepared a summary of the information shown in defendants' Exhibit 128 put in evidence in the 1913 hearings in volumes 15, 16, and 18 of the record, and defendants' Exhibit (S) 6, being a summary of the 1923 census of implement dealers introduced with Mr. McKinstry's evidence, which is correct.

(Offered in evidence as defendants' Exhibit (S) 35.)

I have produced, at the request of Mr. Myers on cross examination, a statement marked "Petitioner's Exhibit (S) 115, for
454 identification," giving the figures on the steel profit per machine on certain machines.

(Offered in evidence as defendants' Exhibit (S) 36.)

In the exhibit I used the actual Federal taxes paid as distinguished from the provision.

Mr. ELLIOTT. Defendants offer in evidence the key to the additional cost tables and other tables in the Federal Trade Commission report produced by Mr. Beer, representing the Federal Trade Commission, and heretofore identified as defendants' Exhibit (S) 25.

In petitioner's Exhibit (S) 121, for identification, headed "Reconciliation of interest," the item called "Interest" on intercompany balances, mentioned as a difference between the Federal Trade Commission's handling of the interest question and the company's, indicates that the company has not deducted intercompany interest charges in computing its own profit. We had interest charges on intercompany balances with certain of the subsidiary companies, and those amounts of interest were excluded by us in our combined statement. An error occurred in the Federal Trade Commission's figures, and while they excluded the interest paid on intercompany

balance, they failed to exclude the interest on the other side. The company's own book profits have not been reduced by any deduction of intercompany interest charges. They are entirely eliminated in the combined figures.

The thirty-seven million dollars trading profit which had been included in profits of the six years covered in the Federal Trade Commission's report was derived from the foreign trade, excluding Canada.

The company's surplus is invested in plant property, real estate, buildings, machinery, and equipment, inventories and receivables, and possibly a small portion, at times, in cash. The company's cash bank balances are unidentified cash as between the company's total investment of capital and surplus.

455 The borrowings relate to the amount of cash on hand and cash requirements of the company.

I heard Mr. Legge's testimony to the effect that the representative of the Food Commission during the war consulted him as to the proper spread for the year 1918 fixed between the cost of sisal per pound and the cost of twine per pound, and that the spread was fixed at 4 cents, and that was the same information secured by me from the Food Commission. Of that spread, we estimated that \$2.70 per hundredweight would be required to cover the conversion of the fiber into twine. We furnished information of the manufacturing cost for use of the Food Commission in reaching its prices. We were visited in all by four representatives of the Federal Trade Commission in regard to that inquiry and the verification of that cost estimate. They were satisfied with the company's estimate of cost for that year. Out of that spread there would have to be paid also 30 cents per hundredweight freight from the Gulf ports to Chicago. Three cents of the four cent spread, therefore, would have to be used to cover the cost of manufacture and freight, and the balance would have to take care of selling and distribution expense and the profit. The price as fixed was the price to dealers.

Recross-examination by Mr. MYERS:

Mr. MYERS. Surplus, as you have just described it, is based on current valuations of properties, inventories, and so forth?

456 Mr. REAY. If by "properties" you mean the fixed properties of the company, plant properties, those figures were unchanged from the original purchase prices. The inventories were valued at fair and reasonable values at the close of each fiscal year. During the war period, when values, other now than fixed properties, material values, and so forth, were exceptionally high, we valued such inventories as testified on the basic inventory principle of valuation. Throughout that period of time, we had regard to the basic inventory principle of valuation in all the operations of the company in determining the value of inventories for the purpose of computing our surplus account as well as in computing our cost of operation.

457 J. F. JONES, being duly sworn, testified as follows (Mar. 28, 1924):

Direct examination by MR. LINDABURY:

I have been domestic sales manager for the International Harvester Company since March, 1919. From 1907 to 1919 I had charge of Canadian sales. For four years prior to that I was branch manager at Grand Forks, North Dakota. Before that assistant district sales manager in the Northwest, and before that I was with the Deering Harvester Company. My father was a local dealer at Osgood, Indiana, and I went into his business when I was about seventeen.

My present duties take me into the field to meet branch managers and dealers in order to keep in touch with marketing our product and the satisfaction which our goods give. I came to the United States in March, following the decree in this case, and met dealers and branch managers. We were still maintaining two or more dealers, but were prepared to comply with the provisions of the decree in 1920. I interviewed dealers and found that they were adverse to taking on the two or more lines, and they expressed a desire for a single line, because the handling of two lines meant an increase in their investment and storage and complication of their service problems and placed upon them the obligation of keeping a double line of repairs. Some dealers were handling like lines produced by different companies, but that is a different matter. A dealer will take the Deere line and the International Harvester line in order to get the benefit of the advertising and sales efforts of both companies, but he would object if one company asked him to take that burden without any additional advantage in the way of sales assistance and advertising. I have discussed the subject, and I know from my own experience as a dealer.

458 I first took up the question of establishing a single line in 1919, when it became apparent that it was necessary to bunch the lines. This matter I discussed with Mr. McKinstry, vice president of the company, in 1919, and at a meeting at the McCormick Works. I brought it to its real head in a letter requiring a decisive answer in the fall of 1920. A committee consisting of John G. Wood, of the manufacturing department; C. H. Haney, foreign sales manager; Ed. Johnston, of the experimental department; W. D. Brinton, factory accounting department; E. H. Kimbark, of the experimental department, and myself, was appointed by the president of the company. At the suggestion of the sales department, we decided on a composite line of machines which would embrace the particular features embodied in both the Deering and McCormick lines. The committee considered the question with some of the executive officers, and it became a matter of discussion over a period of two or three months, and out of all that discussion the program of building a McCormick-Deering line of binders and mowers was outlined.

There are always certain features stressed and advertised by the sales department which become very important in the trade. We

tried to embody in this machine the features heretofore found in the McCormick and Deering. That resulted in some radical changes in the machine. If a man formerly handled the McCormick, he wanted to go ahead with it, and if he handled the Deering he wanted to go on with that, and it appeared to us to be an impossible working program. The change was not a mere reassembling of the parts of the Deering and McCormick into a new composite machine. It involved redesigning. The first hundred machines that our engineers brought together and redesigned had to have some changes afterwards. This also required new dies and patterns. This process of redesigning was continued through 1921 and part of 1922.

439 I am not in the manufacturing department, but I understand that the production of each composite machine involved changes in the machinery and equipment. The new machine was made at the McCormick works. I do not know what was done with the Deering equipment.

460 EDWARD H. KIMBARK, being duly sworn, testified as follows (Mar. 29, 1924):

Direct examination by Mr. LINDABERY:

I have been in the engineering department of the International Harvester Company since the fall of 1905. I first heard of the proposition to make but a single line of harvester machines at about the time the company was obliged to have one dealer in a town. The discussion started in the sales department. The first real experiment of a combination in the 'under line was made in April, 1920, at Hinsdale. A new machine had been roughly designed but not for manufacture. At the field test the executive department was represented by the sales departments, foreign and domestic, the patent department, and the advertising department. The matter was turned over to our department to go further with. We were about six months preparing designs. They were turned over to the manufacturing department at the McCormick works. The drawings for the new pieces were turned over to the pattern department first. It was not a matter of reassembling parts of the old machine, but of new designing. The main frame of the harvester, surrounding the bull wheel, was of the Deering type and had to be connected to the McCormick cutting apparatus and elevator. This required redesigning. A new machine was turned out in time for manufacture for the 1921 season, and about one hundred were sold. They were not entirely satisfactory, so we took them back and redesigned the machine, and it was turned out redesigned for the 1922 season. Several hundred were sold. No radical change has been made since. For 1923 five thousand were built but not quite all were put out. My recollection is that twenty thousand were requisitioned for 1924.

461 Cross-examination by Mr. MYERS:

Five thousand binders was not the total production of the Harvester Company in 1923. The McCormick and Deering were

also made. The present capacity of the International to produce these combined machines is twenty thousand, and the capacity to produce McCormick and Deering machines is a hundred thousand. The McCormick works are still equipped to manufacture McCormick machines and the Deering to manufacture Deering machines. Some of the equipment of the Deering binders was segregated for the Croix Works, France, recently, and I think some of the mower equipment was sent to Europe prior to that. Possibly some of the Deering equipment has gone to the McCormick Works of the type "C." There was no combined McCormick and Deering mowing machine. They are still sold under those names. Rakes have been combined by using the Deering rake with a very slight change, and naming it "McCormick-Deering," and stopping the manufacture of the prior McCormick rake.

In the combined grain harvester the rear sill of the platform is of the Deering type but connected to the McCormick platform and forming a new design. The main wheel with the drive change and sprockets are of the Deering design but connected to the McCormick cutting apparatus. In making that connection we designed an entirely new set of main bevel gears with new support for them. I think on the question of a new design to represent new parts there is the connecting of the old together which has required new parts. That represents the essential change.

To produce this new machine any of the castings had to be new, and therefore the foundry equipment had to be changed. The assembly of many of the parts was different. The connecting together of the parts represents quite a large proportion of the 462 total detailed parts. It is done to a large extent by machinery.

The making of the parts for assembling and the machining portion was done by machinery and the actual putting together is done by hand. There were no new patents on these machines, as I can recollect.

463 WILLIAM R. ODELL, Jr., being duly sworn, testified as follows (Mar. 28, 1924):

Direct examination by Mr. ELLIOTT:

I am in the employ of the International Harvester Company in the treasury department.

There are two lists of concerns in the implement business which have been published for a number of years and are generally used in the trade as reliable lists. The Buyers Guide, published by the Farm Implement News Company, and the Tractor and Implement Blue Book, published by the Midland Publishing Company. They are issued annually and are kept up to date. The Buyers Guide has been published for thirty-two years and the Tractor and Implement Blue Book for twenty-one years.

Mr. ELLIOTT. In the hearing in this suit in 1913, Mr. Odell, an exhibit was introduced giving a list and the names of three hundred and four implement manufacturers, defendants' Exhibit 120, having

a total capitalization of some two hundred and twenty-eight million dollars. Is the document you have a list of those 304 concerns?

I produce that list and have checked it with the 1923 editions of the two trade list publications I have mentioned to ascertain which concerns are shown in said trade lists as still in business. I have checked with a star the concerns which do not appear in either list as in business in 1923. If in any case a concern appeared on one list and not the other, my exhibit shows that concern as still in business.

464 (Offered in evidence as defendants' Exhibit (S) 30.)

Cross examination by MR. MYERS:

I have no information as to how the publishers of these books obtained their information. Each annual edition is supposed to be a revised list, but I have no information as to how it is done or whether it is. I simply took the list which was introduced in the former trial. I have taken no special pains to check possible duplications in the list. I do not know that the Holt Caterpillar Company, of Peoria, Illinois, is a different company from the Holt Manufacturing Company, of Stockton, California. I have not checked this list in detail with the record which has been made up under the supplemental petition in this case.

MR. MYERS: I find here the Bateman Manufacturing Company, of Greenock, New Jersey. Do you know that the record in this case shows that that company has gone out of business by the bankruptcy route?

This list is checked simply against the two trade lists. The Bateman Manufacturing Company did not appear in one or the other of these two lists, and therefore it is not marked as being out of business. The list does not take into account the situation where companies, though still in business, have in intervening years dropped one or more of their lines. It was made without reference to the reason why it was not shown in these trade lists. It shows

the Eureka Mower Company as still in business. It does not
465 take account of the fact that that company no longer makes mowers, as shown by the record in this case, if the company is still shown in the trade lists. The fact that the Plattner Implement Company, of Denver, Colorado, has gone out of business by the bankruptcy route would not be indicated by this check, nor the Siederline Miller Company, nor the Walter A. Wood Mowing and Reaping Machine Company. So long as they are shown in the trade list they are assumed to be still in business.

466 J. T. MAHER, being duly sworn, testified as follows (Mar. 28, 1924):

Direct examination by MR. ELLIOTT:

I am price man for the International Harvester Company. My duty is to keep informed as to the current prices quoted to the trade by various manufacturers. My company finds it necessary to keep

advised as to competitive prices which its salesmen have to contend with. Our organization on the outside sends in any information which comes to their notice, and the trade papers announce various changes. I had charge of this department in 1921.

I prepared a statement headed "Chronological list of price reductions publicly announced during the year 1921 by various companies manufacturing agricultural implements," which is an accurate statement in so far as the information from which it was compiled was true.

(Offered in evidence as defendants' Exhibit (S) 32.)

The sources of information used in preparing the exhibit were trade papers and correspondence from our organization and with other manufacturers that had been sent out to the trade, telephone data, and telegrams I had received. Practically all important price reductions are announced in the trade papers—namely, the Farm Implement News, the Farm Buyer, Eastern Dealer, Farm Machinery and Farm Hardware, Manufacturers News. The company has relied upon these sources of information in determining its own policies and actions.

Cross-examination by Mr. MYERS:

Ordinarily some time elapses between the announced change of price and the effective date, although that is not necessarily true. The Harvester Company prices may be effective on receipt of prices, or prior to, or subsequent to the announcement. The prices announced on April 13, 1921, according to this exhibit, were 467 effective when received. The prices in that exhibit are all of the price changes for 1921. As indicated by this exhibit on April 13, 1921, the Harvester Company announced an important cut of ten per cent on all lines of implements given after that date.

468 JOSEPH D. OLIVER, being duly sworn, testified as follows (Feb. 7, 1924):

Direct examination by Mr. ELLIOTT:

I have been connected with the Oliver Chilled Plow Works in South Bend, Indiana, since 1867, became treasurer in 1868, and became president on my father's death. The company was founded by my father in 1855. In 1867 he had the first chilled plow ever made. We were soon in production of the chilled plow, and it was accepted by the farming community very promptly. For several years we doubled our business each year over the preceding one. As far as chilled plows are concerned, the company is now many times greater than any five of our competitors. In steel plows we make a large quantity; I cannot tell the percentage. Taking both chilled and steel plows together, we make more plows than any other company in the United States. I don't think we passed through any year up to 1920 and made a loss. That was nearly seventy years.

We manufacture the chilled and steel walking and riding plow, the disc plow, tractor plow, cultivators, harrows, listers, and others.

Our principal competitors are Deere & Company, Moline Plow Company, Emerson-Brantingham Company, B. F. Avery & Sons, and latterly the International Harvester Company. The latter has been in the plow business about four or five years. B. F. Avery & Sons, Emerson-Brantingham, and Moline Plow are old and established concerns in the business. Their plow and tillage lines are well and favorably known in the trade. They make good goods and they are favorably known by the users. In a general way

469 I would say Deere & Company were our largest competitors. South of the Ohio River I rather think B. F. Avery & Sons are as strong as anybody down there.

Mr. ELLIOTT. Have the last three years in the implement business been normal years?

Mr. MYERS. Petitioner makes the following objection to all testimony of this character—namely, that it has no bearing on the question whether the decree of 1918 has had the effect to restore competitive conditions in the harvest machine industry, which is the only issue in the cause, since the considerations attempted to be set up as a defense manifestly would not excuse the performance of an ordinary commercial contract, much less would they excuse compliance with, or be permitted to defeat the purpose of, the decretal order entered in pursuance of an agreement between the United States and defendants herein.

The last three years in the implement industry have not been normal years; far from it. They have been the most disastrous years in the agricultural implement line of any which our institution has passed through, which covers nearly seventy years. In my experience I do not recall in the history of the company any comparable period, and that is about a lifetime. The deflation in farm products has been so tremendous that the farmers' buying power was almost entirely eliminated; in fact, he was not in a position to buy the tools that he really required for his operations on the farm during the past three years. In 1920 we had heavy orders and the trade was

quite lively. We had a very large inventory made of high-
470 priced material at high cost. Now, in that affair there, we sustained a very serious loss, as all of our competitors did.

There was no way of avoiding it. We had these orders from our customers, but if we had insisted on their accepting the goods we would have broke many of the very best connections we had, and we did not require anybody to accept the goods. On the contrary, they were canceled, and they remained canceled, and a year and a half passed before they came in to buy goods; and when they did they bought them at very much less than cost, so much so that we sustained a loss that ran into millions. We were not forced financially to realize on our inventory but we felt it was advisable. As far as finance is concerned, my family—we financed our own institution, and we are amply able to do that. That did not bother us at all; it did not enter into our problem as we looked it over. But

this was the thing for us to decide: Our representatives could not take those goods so far as we could see and pay for them. It was a question whether we would take the loss or insist on their taking the goods so far as we could force them to do it, and we did not feel inclined to do it. We accepted the loss ourselves at the time. We knew we were amply able to do it and it was the wise thing for us to do. That decision was not the result of lack of financial freedom on the part of our company.

Our company was one of the first to reduce prices for 1921. Our big reduction came in January, 1921. I think there was a reduction in the fall of 1920, but I am not positive about that.

The policy we adopted when confronted with this collapse in the farmers' buying power was with a view of meeting the farmer in his extremity and carrying what we felt was a reasonable part of the load ourselves. We knew it was a serious loss, but we knew he could not bear it all, and we took the big share of it ourselves. That was our reasoning and I have never regretted the course we pursued. I think it was wise. I felt that something of the kind was necessary. I just had in mind in an old settled State like Ohio, to see farmers fail, not only one, but twenty; why, you know it is a thing that never was heard of in the history of the United States.

Mr. MYERS. I refer again to the objection last before entered.

As to the business necessity of the implement industry having to meet this crisis by lower prices and liquidation of high-cost inventories, I do not see how there was any other way out. Many of our competitors were in a position where they really required cash to meet pressing obligations. I think there were some quite serious sacrifices made from necessity.

Mr. MYERS. Petitioner objects to counsel leading the witness.

Mr. ELLIOTT. What is your opinion, Mr. Oliver, as to whether a good, well-known plow line furnishes as good a leather for the retail implement business as a good, well-known harvester line; have you an opinion on that matter?

472 Mr. MYERS. Petitioner objects to the question on the ground it is incompetent, irrelevant, and immaterial, no foundation having been laid for the question.

I have a decided opinion that a good plow is far preferable to a binder as a leader for a retail implement business. The binder is a tool that is used a very short period. The first tool the farmer takes up in the spring is his plow and the last tool he uses is his plow. There are very many more hours that the farmer is with the plow when compared with half a dozen other tools on the farm. There is another feature about it: The binder is only used where they grow small grain; the plow is used wherever the soil is tilled, and I think by far it is the best tool to build around in the agricultural line. That is my judgment and always has been.

The witness identified an advertisement of the Oliver Chilled Plow Works on page 20 of the Ford Dealers' Equipment Directory (defendants' Exhibit (S) 8), reading as follows:

"Oliver built the first plow for the Fordson—the world-famed Oliver No. 7. During the years the tractor was being perfected the No. 7 was its plowing partner in daily field tests. The thoroughness of these preliminary tests has been proved by the universal success in practical farming the world over.

"Not content with producing the plow that best suited Fordson needs on the majority of farms, Oliver, with over sixty-five years' knowledge of farming needs and with complete faith in the necessity of better and cheaper farm power, recognized the need for other implements for the Fordson, each one of which would make available this new form of power to a class of farmers producing specialized crops—cotton, sugar cane, etc.

473 "A long line of implements, each exactly fitted to Fordson power needs, and suited to extend the use of that power to more farmers has resulted.

"To manufacture these new implements in the large quantities demanded, Oliver built a new factory, operated independently of the old implement plant.

"In this new plant, covering seventy-five acres, the most modern kind of labor and money saving equipment has been placed. Production is along progressive assembly lines. Inspection is rigid. These manufacturing facilities have made it possible for Fordson farmers to have the best implements that can be produced."

Mr. MYERS, Petitioner objects to the evidence on the ground that it is immaterial.

The statements in that advertisement are accurate. I feel that power farming is on the increase—in fact, I know it is. The machines manufactured by our company and especially adapted for the Fordson tractor are turned over to Ford's distributors and agencies and they dispose of them. In some places they are called distributors; in others, agencies. They are retailed through the Fordson dealers. This retail outlet for implements through the Fordson dealers has been a feature of the trade for four years; possibly five. As to its importance, I think it is very good. The sales are growing.

Our company is not interested in any ore mines, coal mines, steel mills, or timber properties. We have never felt our business to be handicapped by the lack of these facilities.

I am familiar with the Osborne harvester line sold to the Emerson-Brantingham Company and the Champion line sold to Avery & Sons. Both lines sold well. They were in the trade a number of years, and I know quite a bit about their working. They 474 gave a good account of themselves and they stood high in the trade. I think their good reputation existed in 1918 and does to-day.

Mr. ELLIOTT. Assuming that the Emerson-Brantingham Company and the B. F. Avery & Sons Company, or for that matter any other implement company, desire to add a harvester line to their other lines, in your opinion as an implement manufacturer would there

be any advantage in entering the trade by acquiring an existing line with a standing such as the Osborne and Champion lines as compared with developing new harvester lines for themselves.

Mr. MYERS. Petitioner objects to the question on the ground it is obviously improper.

Mr. OLIVER. There is a decided advantage. The lines were both always favorably known. They were known all over the United States favorably. And I am quite sure that to attempt to build a line of harvesting machines such as you refer to, any manufacturer would be taking great risks and would have some serious troubles to meet in correcting certain errors that always creep into a tool of that kind. I feel that, aside from the advantage of the standing that the goods have in the trade, the fact that they have been thoroughly tested out and not found wanting is a very decided advantage, so much so that I would not imagine a man that wanted to go into the business, or who studied very seriously, would feel inclined to make a line anew, because he would know what he would pass through.

475 Cross-examination by Mr. MYERS:

The depression of 1913 was not very serious. We did not make a loss that year. There was quite a demand in our line in 1915 and 1916. The years 1918, 1919, and 1920 were rather unusual years. That is where we stubbed our toe. They were abnormally inflated, there is no question about that. The demand was very large and the demand came at the time when the cost of material and labor was at the high peak. I would say a normal year was one where there was no great variation from one to another; that is what I mean by that. With respect to former periods of inflation and depression, I would say we had nothing like the three years we are discussing. I suppose the finances of the country were in rather desperate shape for a period of ten years after the Civil War. I do not think the farmers felt that very seriously; the business was very small.

There was a time during the second Cleveland administration when conditions were rather desperate in this country. I cannot say that it affected us as seriously as it might have some lines. I would not have called that period entirely normal, but there was no loss in it for us. Regarding the period from 1914 on, that was during the period of the war, and there was a changed condition that kept up during all that period. Some were abnormally good, some abnormally bad. The last three years were horribly bad.

476 In a period of deep industrial and agricultural depression, those concerns best fortified with reserves, surplus, etc., are in a better position to weather the storm than those which are not so fortified. I think it is true that our company has come through in a better shape than a good many of our competitors—better than the Moline Plow Company; better, I imagine, than B. F. Avery & Sons, though I don't know the resources of Avery.

We have never gone into the manufacture of any tool that did not go below the surface of the ground.

The International Harvester Company became a competitor of ours in the plow line four or five years ago. We come in contact with them all over the United States because we are dealing everywhere and so are they. I think that Deere is decidedly our largest competitor. Moline Plow Company was a large concern, but they have had serious difficulties and I do not think you can figure on that to-day. I cannot say exactly. I rather think that B. F. Avery & Sons are in about as strong a position as any of them after you speak of Deere. I cannot say that Emerson-Brantingham Company are as large in the trade. I know they have had their financial difficulties. In point of importance in the trade, I would say the Harvester Company was now our second competitor, next to Deere & Company.

The Moline Plow Company and Deere & Company have also made specially adjusted implements to use with the Fordson. The Ford Company have no exclusive contract with us, or anyone

477 else, to furnish implements to go with their tractors. With the exception of the International Harvester Company we have not been in competition with any companies owning their own source of raw materials. When it comes to the plow line, I do not see why that enters into it at all. If any of our other competitors own their own sources of raw material, I don't know it.

In the harvester line, the Deering and McCormick are the largest sellers. I am not sure about their overshadowing the Osborne and Champion. I think the people down there at Avery & Sons, Louisville, have been making a nice showing in their efforts. I can call to mind the time when I am positive that the Champion machine company sold more binders in the State of Michigan than either McCormick or Deering. That was before the line was acquired by the Harvester Company. The binder business was running back before the International Harvester was formed.

If any company has successfully developed its own harvester line within the last ten or fifteen years, it is Deere & Company. They made a machine. If I ever was going into the binder business—now may be I am wrong—I should have taken the lines already worked out and thoroughly tried rather than to have built one for myself. The Deere line of harvesting machines could not be as well known in the trade as those of the Harvester Company because the Harvester Company has been in for half a century. The Deere harvester machines are good machines and well made. I think they have been rather successful in developing a machine of their own.

478 I think the Emerson-Brantingham Company had a mower called the Standard mower before they acquired the Osborne. I think it found favor but I have never seen it in the field.

Redirect examination by Mr. ELLIOTT:

Prior to the entry of the International Harvester Company into the plow business, they had been competitors of ours for a number of

years in harrows, cultivators, listers, and other tillage implements. They had good tools that they made.

The fact that our company decided to meet the situation which developed in 1920 by reducing prices was not due to anything the Harvester Company had done. It would have been just the same if they had not been in existence. There was only one thing for us to do, and we saw it and did it.

479 THOMAS BRADSHAW, being duly sworn, testified as follows (Mar. 24, 1924):

Direct examination by Mr. REMY:

I reside in Toronto, Canada, and I have been in the implement business four years, one year as treasurer of the Massey-Harris Company, Limited, and three years as general manager, having supervision over its whole business. Before that I was finance commissioner of Toronto. The Massey-Harris Company has been in business since 1891 and is the result of the amalgamation of four companies, the earliest dating back to 1847. It has a capital of twenty-four million eight hundred thousand dollars, and a reserve and surplus of six million nine hundred thousand dollars. It manufactures a pretty full line of agricultural implements, including harvesting machinery, tillage tools, and others. It has two plants, one in Toronto and one in Branford, with a combined capacity of fifteen to sixteen thousand binders per year. The Branford plant alone builds mowers; I would judge about twenty thousand.

The Massey-Harris Company, Limited, owns eighty-two per cent of the capital stock of the Massey-Harris Harvester Company of Batavia, New York. I am a director of the American Company and am familiar with its affairs. It makes binders, reapers, mowers, rakes, cultivators, drills, harrows, spreaders, corn planters, corn binders, and corn cultivators. The American plant formerly made the Johnston harvester line and now makes the Massey-Harris harvester line.

The change was made because the Massey-Harris name is regarded as more desirable. The parent company was very well known in Canada especially, and we decided to label machines manufactured by the American plant as Massey-Harris, and those for export as the

480 Johnston. Machines manufactured at Batavia are almost the same as those manufactured in Canada. I think the Massey-

Harris Company of Canada would rank third as a manufacturer of harvesting machines, the International first, and John Deere second. We do not make Johnston machines for sale in the United States.

The Canadian company buys corn binders from the American company for sale in Canada and some spare parts, and sells to the American company cream separators and reaper threshers. The American company has sold reaper threshers in the United States for three years in Kansas, Texas, and Nebraska. Our competitors

are the International Harvester Company, J. I. Case Company, and the Holt.

The reaper thresher is superseding the binder in the localities where it is used. When we commenced selling this machine the Harvester Company was the only one in the field. The competition of the Harvester Company is keen in the lines in which we compete with it in the United States. We have regarded it as fair. Business these days is hard to get, and every concern must compete keenly for it. We have competition not merely from the International Harvester Company, but from all the other implement companies in the States, but I would not say that the competition is any more severe with one than the other. The American company has been able to secure satisfactory dealers. We have a pretty good line of dealers in the territory where we are operating.

Mr. REMY. What has been the condition of the agricultural implement business during the last three years?

Mr. MYERS. I will have to resume the reference to the standing objections.

Business has been very difficult during the last three years, and probably we have gone through the most serious period in the whole history of the industry. I can only testify from comparisons made with those who have knowledge.

I have found in Canada that our business follows pretty closely that of the United States. We have noticed an improvement there and anticipate a like improvement here.

Competition in the harvester line in the United States is about the same as in the other lines of agricultural implements we make and sell. I know of no obstruction to the free competition in the United States in the sale of agricultural implements. We have no intention of abandoning the manufacture and sale of harvesting machines in the United States.

The most important elements in obtaining low cost in the manufacture of harvesting machines are cheap labor, cheap material, first-class equipment and manufacturing, and quantity production to a limited extent, general management, laying more stress upon amount and up-to-date equipment and efficiency in the conduct of the plant. To have a plant running at capacity is very essential. If a plant is running at fifty or sixty per cent, the cost of production runs up rapidly, and that is one of the main troubles to-day with the implement industry. If our plant, which is a reasonably sized one, had full production, we would not be afraid of any competition practically, and that is true of both our Canadian and American plants. Both our companies, we believe, are properly financed to keep our equipment up to date and install labor-saving devices.

I am inclined to think that the decree against the Harvester Company in 1918 freed some dealers who were otherwise engaged with that company. Of course, there are many dealers now who on

account of the distress in business do not find it very profitable to continue, but we have been able to obtain dealers in numbers satisfactory to us.

482 Cross-examination by Mr. MYERS:

The Canadian company has not sold in the United States except as I mentioned in the case of cream separators and reaper threshers. There may be a few isolated transactions. The American company is a reorganization of the Johnston Harvester Company, of which control was acquired by the Canadian company. The name of the machines for the domestic trade was changed shortly thereafter. The Johnson binder was a bit heavier, but the differences are not important. The American company has never manufactured a reaper thresher. There is a Canadian tariff against the importation of implements from the United States to Canada, but at the present time there is no American tariff.

By "severe" competition I mean that all implement companies are seeking business keenly, one as much as the other. We find other companies besides the International are pretty well over the territory where we are. Avery Company would not sell as many machines as the International, but they would be just as keen in the districts where we encountered them.

Our materials are a continually-fluctuating element of our cost. Steel is the most important raw material. During the war and during 1920 there were premium prices on steel, but we purchased our steel from two or three firms well in advance and paid according to the contract, which would carry us over a period of six to nine months, and we did not pay a premium for steel. The prices we paid during the war and in 1920 were much higher than those paid during the pre-war period.

Redirect examination by Mr. LINDABERY:

Eighty-two per cent of the American company is owned
483 by the Canadian company. None of the balance is owned by persons associated with the management of the Canadian company. It is owned by the general public.

484 FRANK SIMLOWAY, recalled by defendants, testified as follows (Mar. 25-26, 1924):

Direct examination by Mr. REMY:

I have been with Deere & Company 22 years and in the implement business 28. I started as an invoice clerk; I went into the sales department; I traveled on the road. I had a territory to start with in North Dakota; I traveled all around the United States and subsequently around the world and I have been vice president in charge of sales since 1916.

The tendency of companies to go into what is known as a long line has been of gradual growth over many years. It had its small beginnings before I started with the implement industry; it assumed more important proportions about 20 years ago. So far as Deere &

Company is concerned, we took on additional lines principally to keep our organization going twelve months a year. Agricultural implements are seasonal, and we wanted not just spring implements, but some spring, fall, summer, and winter implements. We have found that this reduced the cost of selling. Deere & Company as a sales organization was the first long-line company.

In addition to our branch houses we have about 20 transfer houses located throughout the United States where implements are carried on hand for ready distribution in the tributary territory. We have three types of houses—branch, subbranch, and transfer. In the list

I produced for the Government I included branch and sub-
485 branch houses but no transfer houses. A subbranch is smaller

than a branch house, and operates under the supervision of the latter; we maintain an organization at subbranch houses—a sales manager, a credit man, bookkeeper, and travelers. A transfer house is a warehouse where we stock implements and maintain a shipping force.

Deere & Company does not always purchase six months in advance for an ensuing manufacturing season; we buy with no set rule; we simply use our judgment and our primary rule is to purchase according to the time required to get materials. Some years steel companies will fill orders in five months, some years in four, some years in sixty days, and on a stable market we order our materials on the last possible day we can and have the material in time to manufacture so the goods will be ready for the seasonal requirements. That rule is varied by market conditions; if we thought prices were going up we would lay in a longer or larger supply; if down we would buy at the last possible date and in minimum quantities. At present we figure on about sixty to seventy-five days, as we do not anticipate a rising market or long delay in getting materials.

In figuring costs (it takes us six or eight months to figure them) on all our implements, we take the raw materials that go into each implement at the market of such raw materials as of the day we start to figure costs—not at what we actually paid for these materials. So far as I know, every implement company has an individual cost-accounting system.

486 We always have a carry-over of raw materials, which is greater in some years than in others; since 1916, because of the times, the raw material inventory has varied greatly from one year to another.

In 1918 the Deere binder weighed about 200 pounds more than the McCormick or Deering binder. It has since been lightened about 200 pounds.

I wish to modify the answer I made when last on the stand (as a witness for the Government) as to the relative profits in manure spreaders and the harvester line. During the last three years the harvester line has been the more profitable, but over a period of years the manure spreader has.

During the last three years the harvester line has been more profitable than gasoline engines, hand corn shellers, or farm trucks. It is about as profitable as wagons; it is considerably less profitable than some of our tillage tools, and considerably more profitable than other of our tillage tools.

Our leading competitor in chilled plows is the Oliver Company; in sweep rakes and stackers, the Dempster Company; in gasoline engines, Fairbanks Morse; in corn shellers, the Sandwich Company and King & Hamilton; in manure spreaders, the New Idea Company; in tractors, Ford; in steel southern walking plows and in cotton planters, B. F. Avery; in cultivators generally the Harvester Company, but in five-tooth cultivators the Planet Company of Philadelphia; and in two-row cultivators west of the Mississippi River, the Dempster Company.

We expect our percentage of the business in the harvester line to increase in the future, providing the Harvester Company is

487 obliged to operate with one dealer in a town—if it has more

I am not so sure. There is active competition on all lines of agricultural implements. I know of no difference in the character of competition in the harvester line from that on the other agricultural implements we make. There are some localities where we feel the competition in the harvester line of companies other than the Harvester Company more than we feel its competition. I would say that now there are as many companies selling the harvester line as there are important companies selling tillage implements throughout the United States. There are many more small local companies selling tillage implements than harvester machines.

Shop efficiency is an important element in costs and a somewhat variable one. The design of a machine has to do with its cost. I think a company having adequate labor-saving devices and a plant properly proportioned to production so that it keeps running to capacity can manufacture per unit as cheaply as a larger plant after it reaches a certain volume, say 700-1,000 machines per year.

Deere & Company has a capacity to make 20,000 grain binders a year, 5,000 corn binders, 25,000 mowers, and 5,000 rakes—and of course if you make less mowers you can make more binders and vice versa.

In our business we have always had more profits in some implements than in others. A company will not discard making an implement which has any great importance in the trade because it makes a relatively low profit thereon. For example, there are some sizes and styles of chilled plows in which we had little or no

488 profit which are an essential part of the chilled-plow line, and if we could not supply a dealer with those particular sizes of chilled plows we could not get the dealer's chilled plow business, so we are obliged to make them, though we would rather not do so from the profit standpoint. This principle applies more to the large line than to the small line. We went into the harvester business because we desired to have a continuous operation for a longer period

in the year. We used to be primarily a tillage company, and when the cultivator season was over, about July 1st, we were through except for the fall plow business. We wanted some lines which we could sell in June, July, and August, and the harvester line answered that purpose very well.

Deere & Company's profits on steel plows have been good in comparison with other lines.

Our binder was about 200 pounds heavier than the Harvester Company's in 1916 as well as 1918, though we both made reductions in the weight.

Our principal competitors on steel plows are the Harvester Company, the Emerson-Brantingham Company, Moline Plow Company, and B. F. Avery. The competition of the first three is strong throughout the United States; the competition of B. F. Avery is strong principally in the South.

My opinion is that it would be easier to get into trade by buying a well-known harvester line than by designing a binder.

489 Cross-examination by Mr. MYERS:

I am not a trained accountant; with the exception of one year when I was connected with the shipping department I have always been with the sales department. As a selling organization, with the exception of the harvester line and the tractor, Deere & Company's line was as long in 1902 as to-day.

In 1902 it made and sold a full line of plows, cultivators, harrows, and corn planters; it jobbed a full line of seeding machinery, hay tools, wagons, potato diggers, corn shellers, gasoline engines, and part of the time cream separators and pulverizers; it added binders and mowers in 1912. The Harvester Company started to augment their line in 1903 or 1904.

The Osborne Company had a line of tillage tools. The Harvester Company began as a jobber to sell seeding machines about 1911; wagons were the first new line it took on, about 1903, I think; then next it added disc harrows, and it had cultivators from the beginning.

About five years after Deere & Company went into the harvester line the Harvester Company went into the steel plow business by buying the Parlin & Orendorff Company at Canton, Illinois, and after an interval of a year or so it entered the chilled-plow business by buying the Chattanooga Plow Company at Chattanooga, Tennessee. Both were well-known lines of plows.

My opinion is that the Oliver Company is the foremost manufacturer of chilled plows in the country and that we are in
490 steel plows. Both the Oliver Company, ourselves, and the

Harvester Company make both kinds. I disagree with Mr. Oliver's statement that the Oliver Company is the foremost manufacturer of plows, Deere & Company is second, and the Harvester Company third to this extent: In number of plows made Oliver perhaps is first, but in dollars and cents volume we are first. In steel

plows it is a question whether the Moline Plow Company, the Emerson-Brantingham Company, or the Harvester Company would have third place. Right to-day I would put the Moline Company third and the Harvester Company fourth. Including both steel and chilled plows, my opinion is that the Harvester company is third.

Transfer houses answer more nearly to the description of storage warehouses than they do branch houses. As to our method of figuring costs. On January 1 we tabulated the prices we would use as to the materials entering into the construction of our goods—such as malleable iron, grey iron, lumber, etc.—at the market prices as they existed on that date. We did not take into consideration whether our actual cost of our inventory on hand was greater or less.

When a profit is realized on an implement by reason of that method of accounting it is credited to a reserve against an inventory decline. That profit appears in the cost of the goods. We do not put the reserve against the inventory decline in our earnings.

I had no negotiations with Mr. Charles A. Bennett of the Federal Trade Commission. I know of no one in our organization 491 who did. I know we tried to maintain what we call the basic inventory, and some one objected—whether it was the Federal Trade Commission or the tax department I do not know—so we were obliged to put our inventory on a different basis, and we put something in reserve. I do not know how the investment and profit figures furnished by Deere & Company to the Federal Trade Commission were made up, or whether Mr. Bennett expressed any opinion as to this method of cost accounting, or whether the Federal Trade Commission in its report revised the figures submitted by Deere & Company, or whether Deere & Company protested to the Federal Trade Commission.

We started manufacturing binders in 1911, and, to be safe, made them heavy. We have constantly lightened our binder. I think it was some time about 1918 that we took out more weight than in other years. I think our machine now is a trifle heavier than the Harvester Company, for they have been lightening theirs. By a trifle I mean something less than 100 pounds.

The only thing we have purchased or do now purchase from the Harvester Company in the shape of raw materials is some steel. I do not know what per cent of our requirements we buy from that source.

We never got any binder parts from the Harvester Company. We either sold the Harvester Company during the war some wheels for wagons for the French Army or they sold us some wheels for that purpose. I forget which, as both companies were making these wagons for the French Government. Then during the war we 492 bought some harrow discs from the Harvester Company for \$2,500 for some harrows for the Argentine trade-

Considering all sizes and styles, I think the Harvester Company is the principal manufacturer of cultivators, of single-row cultivators, and of peg-tooth harrows.

There are not more than six manufacturers of binders in the United States and approximately seven manufacturers of mowers. When I said that as many companies sold the harvester line as there are important companies selling tillage implements, I meant by important companies those who have a general trade in all territories. There are six important manufacturers of steel plows: Emerson-Brantingham Company, Moline Plow Company, the Harvester Company, Deere & Company, B. F. Avery, and the Oliver Company. I would guess that in all there are 35 or 40 companies making steel plows, including the important and unimportant ones. The J. I. Case Plow Company has been important but is not now. The Grand Detour Plow Company sold out to the J. I. Case Threshing Machine Company, and at the time of this sale it was making only a tractor plow. The J. I. Case Threshing Machine Company is trying to build up their trade in horse plows. The Rock Island Plow Company has a good trade in plows, but it is spotted and not large enough to be called important in the sense I mean—that is, a company which would sell more than a million dollars a year. There are approximately as many important manufacturers of steel plows as there are of the harvester line, and there are many smaller manufacturers of steel plows which have a local trade.

493 While I am a salesman and not a manufacturer, I am also a director and vice president of Deere & Company, and consequently in the usual course of business I am obliged to talk to our factory men and to pass upon many factory subjects.

As to my opinion that Deere & Company will increase its percentage of the harvester business, my idea is that whoever made the provision that the Harvester Company should confine its operations to one dealer in a town struck the crux of the whole situation.

I don't think that the Harvester Company lines are so much more favorably known than if that provision were abrogated there would be a real danger of their displacing the Deere Company with dealers now handling the Deere line, but we know positively that with the Harvester Company confined to one dealer in a town we can compete with them. We prefer the certain to the uncertain. Our situation has been improved by the fact that the Harvester Company was obliged to go to one line. The good will of the Deering and the McCormick would be enough to persuade a dealer now handling the Deere line to give that up if privileged to do so. We could have gotten into the binder business easier by buying a well and favorably known binder than by developing one, because such a binder will already have an established trade, and primarily because you buy the patterns, dies, and the jigs and the development of the machine over a period of years—the experience of engineers—instead of having to start at the ground and develop that experience yourself, a long, difficult, and costly opera-

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tion. From a manufacturing standpoint it is very much easier to carry on an old line than to create a new one. If we could have bought a binder line with the equipment to make it, we could have named it the John Deere and gone into the business a lot easier than to have built up a machine from the ground. Deere & Company did not try to buy a line.

495 GEORGE N. PEEK, called as a witness on behalf of defendants, testified as follows (Mar. 28, 1924) :

Direct examination by MR. ELLIOTT :

Negotiations for the purchase of the Milwaukee line by the Moline Plow Company from the International Harvester Company, which I testified were pending when called as a witness by the Government, have since ended in an executed contract.

I produce copy of the contract.

(Offered in evidence as defendants' Exhibit (S) 31.)

This contract was authorized before its execution by the board of directors of my company. Some time has been occupied in presenting the matter to the various directors. The principal reason that influenced me in recommending this contract was that it eliminated the question of a year's interruption in supplying our trade, such as would occur in the removal of equipment to one of our plants and manufacturing the old line (Adriance-Moline) ourselves. The interruption, thus putting our dealers out of line for a year, I regarded as very serious. This made it possible to supply them with their requirements during this interim period. Our company had a considerable volume of trade and existing connections and outlets for harvesting machinery which might be lost if there was such an interruption.

Mr. MYERS, Petitioner objects on the ground it is a repetition of cross-examination.

In my opinion we will be able to switch our established trade to the Milwaukee line. There may be exceptions. On the other hand, we will gain many new customers, particularly in the Middle West.

Mr. MYERS, Petitioner objects on the ground it is speculative.

Manufacture of the machines in the East was a great disadvantage from the standpoint of freight in supplying the principal grain-growing area. There is an advantage also in making up car-load shipments in having our harvester supply in the West. In my

496 opinion there is a very great advantage with respect to selling and distribution in having a long line, including a harvester line, with our plow and tillage and other implements. The dealer can not make a living selling one line such as tillage goods, which is distinctly seasonal, and then not have any business for a number of months to carry his expense. The implement business is so highly competitive that it must be operated every month in the year. I had the experience a good many years ago in Omaha in a jobbing way of taking a business which had prac-

tically only tillage goods and wagons to sell, which had not been making any money. We rapidly surrounded those lines with other seasonal lines, very greatly increased our volume, and developed it into a highly profitable business. I think it is impossible to develop a profitable business in the implement business on a single line for a manufacturer, jobber, or dealer. Those advantages apply to the manufacturer as well as the dealer and jobber. The manufacturer can be no more prosperous than his dealers.

With respect to manufacture, there is an advantage in keeping your factories running twelve months in the year, or as near that period as possible. It distributes the manufacturing over a longer period and keeps your skilled men at work.

The Moline Plow Company's plow and tillage line is a well-known line which has been on the market for a great many years. In approaching our dealers early in the year for orders on that tillage line, the tillage line helps us in a way to get orders for the harvester line. The various goods in a full line help sell each other, assuming of course that each has substantially the same merits as competing lines.

Prior to the purchase of the Milwaukee line, our engineers investigated the line as to whether they considered it a satisfactory design to supply our trade in place of the Poughkeepsie line. Generally speaking, they considered it satisfactory. I made some investigation before the execution of the contract among our dealers as to what attitude they would take towards purchasing the Milwaukee line. I asked a number of dealers to meet me in Omaha, and discussed the advisability of our entering into this contract with them, for the purpose of determining their attitude toward the line, and particularly as to whether or not they would be interested in
497 buying the line under our plan of selling, and asked them, without committing themselves to any amount of business, whether or not they would purchase the line from us if we entered into this arrangement which looked toward our buying the line. I wanted to do that particularly for the reason that our cash method of selling might be considered more especially adapted to the smaller units such as plows. As I recall, there were nineteen dealers, and sixteen out of the nineteen expressed themselves as being favorable to our taking on the line, and stated, roughly, that if we did they would buy fifty per cent of their requirements from us under our plan of selling. That applied to the binders as well as the mowers and rakes.

Taking all the elements of the situation together, the company's former position in the harvester trade with its Poughkeepsie line, the possibilities of switching that trade to the Milwaukee line, the standing of the Milwaukee line itself, the possibilities of extending the trade into territory where that line was better known than the other, the western shipping point, and any other elements you might consider, I consider the position of the Moline Company in

the harvester trade is stronger than it had been heretofore with its Poughkeepsie line.

I would think we have an opportunity to increase the sale of the Milwaukee line over that enjoyed by the International Harvester Company for the past few years, for the reason that the Milwaukee line has not been aggressively pushed by the International Harvester Company in recent years, was sold by the same salesmen selling the McCormick and Deering, both of which were better known of recent years, but more especially, perhaps, because our whole plan of selling must attract the best dealers, because the poor dealers can not buy under our plan, and the best dealers are going to be attracted by the additional margin of profit offered them under our plan. By the better class of dealers I mean the dealers who are able to finance themselves and obtain the cash discounts and perform their own service.

498 Mr. MYERS. Petitioner objects on the ground it is wholly speculative.

With regard to the effect of the 1918 decree requiring the Harvester Company to sell the Milwaukee line, I think it would have a very profound effect on every salesman you have. He would be interested in building up a trade on a line that was going to continue and not on one that was going to discontinue. That would affect the dealer, too.

Assuming competition between a number of different harvesting lines of different trade names, but all of them of demonstrated good design, I would say unqualifiedly that the progress of the line would be a question of representation in the dealer. I mean to qualify my answer only to the extent of saying that they must be successful machines and substantially of equal merit, even though they may vary detail of design.

Speaking of competitive conditions, when the Harvester Company was selling to every dealer in a town and did not have their tillage implements, of course the situation was very different competitively than it has been since 1918 when they went to one dealer in a town. That left the door of the other dealer more open to competitors. With that decree limiting the Harvester Company, I think the door of opportunity for competitors in the harvester trade is substantially the same as in other lines of implements generally. It is not fair to conclude that there is six times as much competition in the plow business if there are thirty-six plow companies as compared with six long-line companies in the harvester trade. Most of these plow companies are not competing throughout the country generally. That competition is local. I think there are more plow lines on the average offered in each community than there are harvester lines, but not very many more. There is a very great difference between manufacturing a plow and manufacturing a grain binder which requires much more capital, plant, and organization.

499 That is one of the reason the harvester business has trended toward the full line companies, and is one of the reasons why there has never been a larger number of people engaged in the manufacture of the harvester line.

I was connected with the Deere Company, a long-line company, for a number of years prior to my connection with the Moline Company. From my experience in the implement business I know that the margin of profit varies considerably between various machines made in the same plant. Whether a small margin of profit on a particular machine of a long-line company means that the company will drop that machine out of its line, depends upon the situation of each company.

Mr. MYERS. Petitioner objects on the ground that witness does not know what some other company might do in the way of dropping an unprofitable line.

The advantages of a long line would offset to that extent the low margin of profit, but I would not like to make a general answer to that question. This is an industry nearly a hundred years old, which has always been highly competitive, and necessarily, in a period of that length of time, the competitive condition has made it necessary for everybody to recognize the situation in respect of certain tools some of which are sold at low margin of profit and some at a high margin of profit. For example, you take in the tillage line, there are some articles in the tillage line which bear a very small margin of profit; others bear a very substantial margin of profit. Then when you extend that to a general line, of course that condition is magnified many times.

Generally speaking, the Moline Plow Company's costs have been satisfactory on tillage tools, but not on wagons. During the last three or four years there has been no profit in manufacturing plows and tillage lines and meeting competitive conditions. Assuming a reasonable volume of business which will insure reasonable operating conditions, then the margins of profit should be satisfactory in the tillage tool line, but they are not in the wagon line. Assuming that the condition of the farmer generally improves to the 500 point where he again buys what have been considered his normal requirements, I think our company can get sufficient business to reach this satisfactory basis.

In my opinion as a manufacturer, if I were called upon to give a well-considered judgment as to the ability of the various concerns to stay in the business and compete, I would not be willing to base that judgment entirely on information contained in a number of comparative cost tables put in evidence in this suit prepared by representatives of the Federal Trade Commission after calling for questionnaires and examining various competitors' books, and covering costs in the years 1916 and 1918. They were war years when there were a great many unusual conditions, violent fluctuations in the market prices of material, violent changes in cost of labor. I do not think they would be fair years to judge normal operations by.

As to whether the element of efficiency of management as between concerns in a particular year might produce a considerable variation in their costs, I would say the difference is between success and failure. Efficiency is a variable element, not always remaining with one concern.

Competitive machines are not exactly alike in design, and differences in design make very great differences in costs. Differences in plant equipment would have considerable effect on costs. The effect of the relation of the output in a particular year to the capacity of a particular plant would be very great; that is, the degree of capacity to which a given plant is operated. Operating on 33 1/3, 75, 80, or 100 per cent, the difference would be very great. It makes a very great difference in burden.

Considering the various elements you have enumerated—namely, the unusual war conditions in 1916 and 1918 and the considerable effect on comparative costs which might be due to different prices paid for material, the differences in the design of the machines compared, or differences in plant equipment, or differences in efficiency of management, or differences in the relation of output to capacity affecting burden, and the differences in cost accounting—I would not feel able to give a justified opinion as to the ability of different concerns to stay in the business and compete with each other to-day based on figures as to their costs in the year 1916 and 1918.

I think that the present situation, economic, political, industrial, financial, agricultural, is all in such a state that no man dare to make any forecast on what his condition will be to-morrow. I might add, I think we are going forward to a new normal and not going backward to the old. We are not following precedent; we are making it these days. I think that is a very large factor in all of the things I mentioned. Unless the farmer can be restored to the purchasing power, at least comparable with that which he had before the war, I doubt if any of us can stay in business, to say nothing of competing.

Referring to the price cut on its harvesting line made by the Moline Plow Company in April, 1921, for the 1921 season, and the further cut in October, 1921, for the 1922 season, I do not recollect whether those cuts preceded or followed cuts by the International Harvester Company on similar lines. Those cuts were necessary for us to get some money. It was not a question of profit. I don't remember the dates, but we cut prices on many other lines. No competitive action has had any influence on us for the last three or four years. We have had to sell at any price we could get to keep the company alive, regardless of profit. My observation is that has been a general condition largely applicable to all lines of implements and all implement companies.

Q. Leaving aside, Mr. Peek, the unsatisfactory condition of the implement business as a whole at the present time, due to the lack of normal buying by the farmer, and directing your attention simply to the organization of the implement business as it now exists and as

it would appear in normal times, and to the fact that the six principal competitors in the harvesting machine business are now long-line companies, I will ask your opinion as to whether the competition as a whole against the International Harvester Company under those conditions is stronger relatively than it was under the prior conditions of the trade involving the short-line companies?

A. Of course, I cannot leave aside present conditions because they are past, present, and future, so far as we can foresee. But, if I understand your question correctly, you want to know whether, if all of these companies were functioning, if the state of competition would be wider than it was before. I will answer "yes" to your question. Regarding the relative strength of a short-line to a long-line company to meet competitive conditions as the trade has now developed, my judgment is a short-line company cannot live against the competition of a long-line company for the reason that I suggested earlier, that one must be able to spread volume over the year and over a considerable territory. I don't know anything about the conditions of companies other than those with which I have been associated. I know that in our case I recommended a general line to our directors upon the theory which I firmly believe, that one must have a general line to successfully compete in these days in the implement business.

Cross-examination by Mr. MYERS:

Q. Mr. Peek, do you propose to sell your entire supply of Milwaukee machines in accordance with your cash nonservice selling plan?

A. Yes, sir. Cannot do otherwise. I mean you cannot do both ways. You must either do one or the other.

503 WILLIAM BLACK, being duly sworn, testified as follows (Apr. 28, 1924):

Direct examination by Mr. REMY:

I reside at Louisville, Kentucky. I am president of B. F. Avery & Sons and have been in the implement business for thirty years, all of which time I have been at Avery.

I started as a mail clerk, filled various clerical positions until about 1898, when I was credit and collection manager; from 1900 to 1904, branch house manager at New Orleans. In 1904 I was sales manager at Louisville. From 1905 until 1911 I was secretary of the company. From 1911 to 1920 I was vice president and since then, president. There is no connection between my firm and Avery & Company, of Peoria.

When I went with Avery in 1894 they were manufacturing plows, planters, cultivators, and an assortment of one-horse tillage tools. They have since added disc harrows, stalk cutters, and harvesting machinery. They manufactured both steel and chilled plows. The chilled plow is made of grey iron with the surface chilled or hardened to resist wear. The metal is poured into a mould of the desired

shape. A steel plow is made from rolled steel of various kinds, depending upon the quality of the plow desired. Chilled plows are more generally used in sandy, gravelly soils, steel plows being used more in the stiff and sticky black lands and clay lands. Chilled plows can be used in a great many kinds of clay lands, but not in black lands, because they will not scour or shed the soil as a high-grade steel plow will. The largest manufacturer of chilled plows in the United States is the Oliver Chilled Plow Works, South Bend, Indiana. I should say that company sold about sixty per cent of the chilled plows sold in the United States. That is probably less than they sold twenty years ago.

The principal territory of B. F. Avery & Sons is south of the Ohio River and in the southwest section of the United States. The reason various machines were added to the original line of B. F. Avery was to give a more complete line of farm machinery, the advantage of which lay in the ability to make up a great number of carload orders and also to give our entire organization employment during the greater portion of the year, and therefore cut down expenses. Many dealers will not handle plows in carloads, but they will buy and sell carloads of mixed machinery.

We have only one manufacturing plant, and that is in Louisville, Kentucky. That is an advantageous point on account of favorable freight rates into the consuming territory.

Avery & Sons purchased the Champion line of harvesting machines from the International Harvester Company in 1918. Our reason was to give us a more complete line of farm implements to derive the same benefits stated previously. We had had experience with that line. Before the formation of the International Harvester Company, and for a short time thereafter, we sold the Champion line of machines in some of our branch-house territories, particularly Memphis and Louisiana. We sold a considerable number with very satisfactory results. We added to our plant at Louisville for the manufacture of the Champion binders, mowers, and rakes, and commenced manufacturing that line in 1921. We sold the Champion line during 1919 and 1920. We are satisfied with the Champion line, and it has given satisfactory results to our customers and farmers who have used them. We bought the Champion line of harvesting machines rather than develop a line ourselves, because it is so much less expensive to buy a line for which patterns and manufacturing equipment had already been made. It would probably have cost us six or seven times as much to make our own patterns and manufacturing equipment, and it would also have required ten years to have perfected a design so that there would have been no weak spots left in it. Our capacity for manufacturing grain binders at our Louisville plant is from four to five thousand per year; for mowers, eight thousand; and rakes, eight thousand. Avery & Sons intend to push their Champion line in the future to the same extent that we push our tillage line. In selling the Champion line we have found it to be an advantage

that we have a well-known tillage line. We have added to our list of dealers steadily since we first took the Champion line, with the possible exception of 1921, when all kinds of business dropped off.

In 1923 B. F. Avery & Sons increased their entire implement business fifty per cent over 1922. We estimate that we will have an increase of between fifteen and twenty per cent in 1924.

Avery & Sons job their products in some States. We have four branch houses in Texas, located in Dallas, Houston, San Antonio, and Amarillo. We also have branches at New Orleans and Shreveport, Louisiana; Little Rock, Arkansas; Oklahoma City; Kansas City; Memphis; Montgomery, Alabama; Atlanta, Georgia; Charlotte, North Carolina. I know of no implement manufacturer who has more branch houses in the South than Avery. We have no transfer houses.

We make a greater profit on some lines than on others. We do not intend to drop lines which are relatively less profitable if the particular line should have a considerable bearing on our ability to furnish dealers what is needed for their localities.

We meet with competition in the sale of agricultural implements which extends to every line we handle. We have fewer competitors in the harvester line than in the tillage lines, but there is no difference in the character of the competition. Many of the tillage companies do merely a local business.

Q. I do not think that the harvester line is as important a line of agricultural implements now as it was twenty years ago. There are not so many harvester machines sold. More implements of the tillage lines are sold now than twenty years ago. The local dealer is a very important factor in the sale of agricultural implements and the success of the company. In my experience there is more difference between the local dealers than between several of the best lines of farm machinery. When you go into any locality and find that one line predominates, you will usually find that that line is handled by the most efficient dealer in that community. A small factory operating at full capacity will have more favorable costs than a large factory operating at seventy-five or eighty per cent of capacity. Costs are a variable factor.

Mr. REED. If it should appear in the evidence in this case that the Harvester Company had the lowest costs of any concern in the manufacture of harvesting machinery in the years 1916 and 1918, would that in your judgment justify a conclusion that its competitors would in the future be unable to compete with it?

Mr. MYERS. Petitioner objects to the question, for the reason that the witness's experience has been confined to his own company for a period of more than a decade; it does not appear that he has information as to costs of manufacturing.

It would not make me think that competitors could not compete.

Costs vary from year to year. One factory might have an advantage one year by reason of lower material or labor costs. Another factory might have that advantage another year. It is my opinion

that the ability of a factory to compete would be based on its costs on the full line, rather than on some particular items in that line.

307 We do not make sweep rakes. At some of our branch houses we sold sweep rakes manufactured by Fleming & Sons. In my judgment the decree in this case limiting the Harvester Company to one dealer in a town has helped B. F. Avery & Sons

308 in securing dealers for handling harvesting machines. I do not think there is any question but what we will increase our business on Champion line in the future, because since taking on that line we have had three bad years, and with normal conditions we will have better opportunities to increase our number of agencies, and the agents already established will sell more harvesting machinery than they have in the past few years. We have found the Champion line to be well known in our territory, and the good will which we found in the Champion line has assisted our business generally.

(No cross-examination.)

309 THOMAS K. NELSON, being duly sworn, testified as follows (Mar. 24, 1924):

Direct examination by MR. ELLIOTT:

I reside in Kansas City, Missouri. I am part owner of the Fleming Manufacturing Company at Huntsville, Missouri, which has been in operation since 1882. I became one of the owners three years ago. The company originally specialized in hay tools and we have continued the same line. I have been engaged in the manufacturing and selling of farm implements for over fifteen years and my brother, who is a half owner, has been in the manufacturing end twenty-five years. Under our management the company has made sweep rakes, stackers, hay balers, grain elevators, and bull rakes. The stacker business is decreasing because baling is taking its place.

The bulk of our output has been marketed through the jobbing trade, although we have some dealers. Our principal jobbers are the Massey-Harris Company, of St. Louis; B. F. Avery Plow Company, of Louisville; the Rock Island Plow Company, at Omaha; and Montgomery-Ward Company. Also, we have a jobber in Salt Lake, one at Hobart, Oklahoma; Vicksburg, Mississippi; and Franklin, Kentucky. We sell direct to dealers near the factory in southern Iowa, Missouri, Kansas, and a few in Illinois.

The business in rakes has not been very brisk in the last few years. We have sold about three hundred rakes a year. Prior to our time in good years the previous owners of the business used to sell from three to five thousand rakes a year. The Fleming line is known from Ohio to Utah, from Minnesota to Mississippi, and even quite extensively in New Mexico. I found last year that our line was entirely too short. I found I could have made many more sales if I had side-delivery rakes and mowers. In order

310 to extend our line of tools, we arranged to acquire the Acme plant in Peoria because we knew that that company had a

good hay loader, mower and side-delivery rake. Our present plan of business operation and development contemplates concentrating the manufacture of our entire line at the Peoria plant. Our purchase covered buildings, land, machinery, patterns, dies, tools, and jigs used in the manufacture of the Acme line; our plan contemplates manufacturing binders also. I consider that my company has a financial backing sufficient to enlarge our line in this way and I feel we absolutely need to add to our line. The expense in just manufacturing sweep rakes alone is too great not only because of selling expense but you are not able to hold a good many dealers and jobbers if you do not have a complete line. Our plant at Huntsville is strictly a wood shop and not equipped to manufacture anything like heavy machinery; and our shipping facilities were not equal to it. We are planning to make a spring tooth rake also. There is no trouble in competing with other manufacturers larger than we are, for various reasons. A smaller concern has closer tab on the business; we can get in close touch with every branch of it almost every hour of the day, can shut out a great many leaks. That holds good both in the selling and in the production work. We have not found competitive conditions in the rake and harvester line any more difficult for a concern like ours to meet than they are in the plow and tillage line. I meet more competition outside of the International Harvester Company, some small companies making sweep rakes, such as the Jenkins Manufacturing Company, Chillicothe, Missouri; the Superior Manufacturing Company at Linneus, Missouri; and Collins Plow Company at Quincy, Illinois.

311 I think a small concern can keep closer tab on their costs, because they are in touch with every department from the foundry up. We have not experienced any difficulty in getting material, even in small quantities. I never found anybody that would not sell us a car or two at a time, nor could I get any reduction in buying ten or twelve cars.

The labor situation in a small factory is better than in a large one. You can get labor in a town close by. They feel they are part of the factory and you know everyone who works for you and can get better work out of them. I feel that my volume
312 of sales will be sufficient to give me a reasonable factory and sales overhead.

Cross-examination by Mr. MYERS:

Seventy-five per cent of my output of rakes is marketed through jobbers, the remainder through dealers. Of the amount sold to jobbers, I sell Avery Company twenty per cent, something over fifteen per cent to Massey-Harris, about thirty per cent to the Rock Island Plow Company, around fifteen per cent to Montgomery-Ward, and the balance to three or four smaller jobbers. It would not say that my business is very prosperous in the farm tool line during the last

three years, but I know the field is there. The present capital of our company is forty-five thousand dollars. We employ between fifty and sixty men during the summer.

I judge the competition is keener in the rake business than in any other line of agricultural business. I have had no experience in other lines, but I have kept pretty close to those who are selling plows, and so forth, and they do not seem to have any more grievances than I have.

We have a foundry where we make the parts for our rakes ourselves. I have known the Acme line all my life and expect to continue the line under the trade name of Acme-Fleming. We paid seventy-nine thousand one hundred dollars for the plant. My associates are not in the harvesting implement business at present. The rakes manufactured by us at the present time are wood rakes.

Redirect examination by Mr. ELLIOTT:

The assets which we acquired for the sum of seventy-nine thousand dollars are those shown on the inventory of December 31, 1922, in which the fixed assets, consisting of land, buildings, machinery, tools, patterns, and dies, are valued at five hundred seventy thousand three hundred fifty dollars. We also acquired the good will of the concern and the right to the trade name "Acme."

I would think this purchase would put us in the business on a little more than a reasonable starting basis. When I purchased the Fleming plant the inventory was about one hundred eight thousand dollars, and I bought that for twenty thousand five hundred dollars.

Recross-examination by Mr. MYERS:

It has been pretty easy to purchase agricultural implement factories at a bargain in the last few years, no matter in what line they were engaged. I know of two or three others I could buy if I wanted them.

514 A. G. ROSSING, being duly sworn, testified as follows (Mar. 25, 1924):

Direct examination by Mr. REMY:

I live in Minneapolis, Minnesota. My business is manufacturing farm machinery, road machinery, and ditching machinery. We have several companies: The Ronning Machinery Company, capital \$500,000; the Ronning Motor Company, capital \$3,000,000; the Ronning Motor Company simply represents a holding company, some patents more than anything else. We make ensilage harvesters, the trade name of which is Ronning. An ensilage harvester is a machine that cuts the corn in the field and chops it up into small pieces and delivers the cut corn to a wagon drawn alongside. It takes the place of the corn binder and ensilage cutter when used for silo filling and it will replace the corn picker and the corn shredder when the machine is used for harvesting the ripe and dry corn.

They are patented, and are either horse-drawn or tractor-drawn. At the present time the kind we make is adapted to the Fordson tractor alone. We market these largely through Fordson dealers. The horse-drawn is higher in price because it includes the motor. We have been selling them for \$950, horse-drawn, including a LeRoy or Hirshel & Spillman motor, but that price has been reduced to \$750. The one which goes with the Fordson we retail to the farmer for \$575; the price to a dealer is less. We expect to sell a thousand of these a year. The Ronning Machinery Company owns
 515 these patents. We have licensed the Morgan Harvester Company of Minneapolis and they are manufacturing those machines, and have sold some. The machines have been built since 1913. They obviate the handling of corn by hand which is very heavy work. I think there is a good field for the sale of these machines.

Mr. LINDABURY. How do they get the chopped-up corn into the silo? Do they have some special puller?

Mr. RONNING. We are using the dump puller for that purpose, although the farmer may use his ordinary grain-dump elevator or the corn elevator.

The Ford Company is building a plant at St. Paul, where they are going to build tractors, trucks, and automobiles. We are going to locate in St. Paul directly north of the north entrance of the Ford plant on Mount Clair Boulevard. Our reason is that we expect the Ford dealer to come in there to see the Ford people and they will refer other men across the street to see the implements that go on the Fordson tractor. We have no fear in marketing this machine of the competition of the International Harvester Company. It is not a direct competition. It is competition with the corn binder in the sense I have explained.

Cross-examination by Mr. MYERS:

This last season we sold between one hundred and one hundred twenty-five of the new type we had out. 1919 was a better year, and we sold six or seven hundred.

Mr. LINDABURY. In what part of the country do you market these?

Where are they used principally?

416 Mr. RONNING. In the corn belt. I might say Iowa, Illinois, Missouri, Kansas, Nebraska, southern Missouri.

Redirect examination by Mr. REMY:

We have not been advertising all year, but this last week we put a scene advertisements and we have had fifty to one hundred letters a day in response, so that it is better than we have ever had before. The Fordson is helping to make a market for our machine. It has a good strong organization to sell and the Fordson tractor is a good tractor at a fair price. I am selling the machines to farmers who have Fordson tractors at the present time.

Mr. LINDABURY. How many men does it take to operate your machine?

Mr. RONNING. Two men and three boys are able to put up one hundred tons a day. That is what they have done. I mean put in the silo.

517 W. C. HOOVER, being duly sworn, testified as follows (Mar. 26, 1924):

Direct examination by Mr. REMY:

I am sales manager of the Detroit Harvester Company of Detroit, which manufactures farming implements for the Fordson tractor. Our company was incorporated under that name in 1922. It is a continuation of the Tractor Equipment Company and the Otwell Motor Company, with practically the same executives, and taking over the patent rights and assets of the two Otwell concerns. I had been in the farm-equipment business as manufacturer's agent for about five years before I became connected with the Detroit Harvester Company. I followed my profession of civil engineer about four years, and during that time I represented, and still do, a number of technical publications as an editor and associate editor.

The Detroit Harvester Company has a capital of five hundred thousand. Its principal products are mower attachments for the Fordson tractor, snow and street sweeper for the tractor, clutch pulleys, road bands, extension cleats, and a similar line of specialty equipment. They are all entirely dependent upon the Fordson for their sale.

We have made a study of markets for these products, and there are only two, and we have selected the one which appeals to us—that is, doing business entirely with the Ford agents. We have had considerable information and assistance from the Ford Company, which has furnished us with records, and personal advice from Mr. Ford and at least four of his chief executives.

The paper I hold is the 1924 tractor sales quota of the Ford Motor Company. It shows the number of branches in the country, the number of Fordsons each branch will sell, and this list was furnished by Mr. DeForest of the Ford Motor Company.

(Offered in evidence as defendants' Exhibit (S) 26.)

518 These branches at the present time are practically all assembly plants, assembling up to six or seven hundred cars, and they house the sales organization for the territory served by the branch, which in some cases covers the State and in other cases covers a section of two or three States. These branches serve the Ford dealers located in the territory.

A change was made in the method by which the Ford Company distributed its products in 1923. Concerns that had the sales rights over certain territory were taken over by the Ford Company and served by its own branches. Before that these distributors sold the car and the tractor and functioned the same as the Ford branches are doing to-day. The most financially responsible of these distributors are still in the business, selling Fordson equipment with

his lines, which are mostly dependent upon the Fordson for their field. Where there is one of the distributors still in business we distribute our products through him. The distributors have organized and we distribute through the entire organization.

The Ford Motor Company have furnished us, and will furnish to any concern recognized as being of assistance in selling the Fordson, a map which shows the boundary lines of each branch, the number of cars that branch assembles, the number of dealers that are under that branch, a list of dealers including both the actual dealer and the service-station dealer, who in turn buys parts through some dealer who has the right to serve a certain territory, and the map will justify the statement that there are between nine and ten thousand actual dealers.

I have visited around with the Ford dealers, have solicited their business, and know what the Ford Company's sales policy is. Their policy is based on the branch-house system, which is to give each dealer a quota on cars, tractors, and trucks, which they are required to take and pay for.

I would be safe in saying that the International Harvester Company was the leading manufacturer of tractors in 1918. The Ford Motor Company is to-day. I have an opinion as to the percentage of Ford Motor Company's sales of tractors in 1923, which is based upon figures given to us by the Ford Motor Company, and that is that their percentage is from eighty to eighty-two per cent of the total manufactured in the country.

Our mower has an attachment which takes its power from the Fordson itself. The ordinary mower is drawn and takes its power from the wheels, gears attached to the wheels. We take power for this mower from the point on the tractor developed by the Ford Motor Company for the pulley. That gives the proper speed relation to the cutting knife.

We have made tests for the purpose of comparing work done by this mower with the horse-drawn mower, and I would say that it will travel three or four times faster.

This paper I hold is a general descriptive circular of the Otwell mower gotten out by our company, and the statements made therein are true.

(Offered in evidence as defendants' Exhibit (S) 27.)

In order to build a mower that will perform with the Fordson, we have been forced to revolutionize the method of manufacturing farming equipment, meaning that we have had to use different materials and to go into friction bearings, which are quite expensive.

I am familiar with the Deering and McCormick mowers of the International Harvester Company and do not consider those mowers well adapted to the Fordson. The average International horse-drawn mower is geared on the average on a three-to-three relation; that is, the cutting knife makes a complete revolution for every six inches the mower travels forward, and that means it has one speed relation, which is entirely satisfactory to

meet cutting conditions where everything is favorable. But with a tractor going up a hill, and where the cutting is wet or tangled, it is essential to have the tractor travel slowly and to have speed on the knife. In our design we have six speed relations which can meet every cutting condition. Also the average horse-drawn mower is not built to stand up under the strain of a tractor. The speed of the tractor in low is one and a fourth miles an hour, and a great deal of the mowing is done with the tractor in high speed, which the Ford manual gives as six and three-quarter miles an hour. Speed is valuable in cutting hay or alfalfa. Cutting hay comes when there is a great deal of other work to do. There are two other companies manufacturing a Fordson mower attachment. Our competitors take their power from the worm, which means they travel forward, or the cutting-knife speed relation in traveling forward is the same as the horse-drawn instrument. The Thomas Manufacturing Company brought out a mower in 1921 especially designed for tractor use, although I would not say that it is entirely designed for use with the Fordson.

Mr. MYERS. I must note another objection to the testimony given by this witness as to sales policies in business generally of other companies with which he has no connection.

Our present-type mower has been changed four times. Under the name of Otwell mower we have sold about 2,000 to Ford dealers and exporters. Probably three or four hundred have been sold abroad. Taking an average over a period of fourteen to fifteen years to establish what is normal, I would say that in a normal year we expect to sell from twenty-five to fifty thousand mowers, which would be between twenty and twenty-five per cent of the normal production. For the distribution of our mower we selected the Ford dealers, on advice of Mr. Ford, it being the line of least resistance to sell equipment entirely dependent upon the Fordson for distribution. Our conviction is that the performance of our mower is sufficient reason for the farmer to buy it in preference to any other type on the market.

I personally have given thought to the manufacture and sale of a binder in connection with the Fordson tractor. Our company has not spent any money on it. The president of our company has a plan of perfecting equipment outside of the company and arranging with us to take over his patent on such items as we find adaptable to our general line. He has done considerable experimenting, built several models, one or two of which are now ready for tests. We investigated the question of whether binders could be marketed through Ford dealers by questionnaires and personal talks with distributors. They are ready to place orders when we can produce a machine that we can back up with a protective guaranty. We are convinced that our model is satisfactory, but in its present stage there is no conclusive proof. It is smaller, lighter, and stronger than the present binder and takes its power from the Fordson engine.

There has never been a year that we have not had a great number of orders on file for mowers which we were not able to fill.

Our company, while a stock company, has several executives with such connections that it would be easily possible to finance a much larger concern at the proper time.

Cross-examination by Mr. MYERS:

The length of the cutter bar on our mower is six feet. We cut it down to five at times for highway work.

The mower attachments described in defendants' Exhibit (S) 27 were of the same type we have heretofore sold except that in power housing we had bronze bushings which we replaced with expensive bearings, and we have crown steel where we had some cheaply made gears, and the machines sold for about half of what we sell this machine for. About 200 of the present machines have been sold, and about 350 to 500 of this type, the same design, with the exception that the gears differed.

322 Ford dealers have to take the quotas allowed in their territories, as shown in defendants' Exhibit (S) 26.

Mr. MYERS. It has no reference to the capacity of the farmers to absorb them but only has reference to the power of the Ford Company to force their acceptance by the dealers?

Mr. HOOVER. Well, it is just a continuation of a plan that has been functioning for a period of four years, and at the end of each year the quota finds itself in the hands of a farmer.

The total number of Fordsons sold up to January 1, 1924, was 264,725. The export takes into consideration around 12,200 tractors shipped into Canada. 1919 was the first year the Ford Company manufactured tractors to any extent.

323 E. J. GITTISS, being duly sworn, testified as follows (Mar. 26, 1924):

Direct examination by Mr. ELLIOTT:

I am vice president of J. I. Case Threshing Machine Company and have been connected with that company since 1888.

Our plant and head office are at Racine, Wisconsin. The company has been in business since 1848. The lines now manufactured are threshing machinery, steam engines, tractors, road machinery, hay balers, plows in a limited way, and automobiles. The company's principal lines were threshing machinery and steam engines until the latter were superseded largely by tractors; now it is threshing machinery and tractors. The company builds the largest number of threshing machines of any company in the United States and has held this foremost position for many years.

The company's annual volume of sales for 1918 to 1923 was approximately as follows: 1918, \$25,000,000; 1919, \$32,500,000; 1920, \$34,500,000; 1921, \$17,000,000; 1922, \$15,000,000; 1923, \$18,000,000. Up to the last three years the business of the company has been reasonably profitable. The last three years have been very unprofitable by

comparison. I can say without hesitation that that has certainly been the experience of every institution in the implement business. Twenty-five years ago the capital of the company was \$25,000,000. To-day it is \$26,000,000, with a surplus something over a million. The increased capital has been built up very largely from the earnings of the business.

Our company developed its own type of harvester-thresher and first put these on the market in 1923. This machine cuts the grain, threshes, separates it, cleans it, and delivers it into a wagon. It

524 takes the place of the old stationary thresher and the binder or header. The harvester-thresher does not make use of the binding attachment. The principal parts are the cutter bar, cutting the grain, an elevator, and the thresher. The thresher is by all means the more expensive part of the combination. There is nothing complicated about the cutter bar. Taking the machine as a whole, it is very much more like a thresher than a binder. This combination machine is adapted for use in what we designate as the semiarid territory, including western Texas, western Oklahoma, western Kansas, western Nebraska, eastern Colorado, and some of the west-coast country, California, Oregon, and Washington.

The harvester-thresher is a comparatively new type of machine. Our principal competitors in the business are International Harvester Company, Massey-Harris Company, and the Holt Company. The Holt Company built harvester threshers for the west-coast country for a long term of years, but did not get into the country in which we are now selling these. The International was the first in that field, entering it, I would say, about five years ago. The Massey-Harris got their machines in the field about two years ago. Our company decided to develop the harvester-thresher, because it was very apparent that the trade we were enjoying in our stationary threshers was rapidly going to the harvest-thresher type in handling the grain harvest. The field for sale of these machines had not yet been filled to any great extent. They are still using the 525 old separate threshers, headers, and binders. As the machines now in use wear out and the farmers are financially able to buy new equipment, I think the trade in this dry territory will very largely run to the harvester-thresher type of machines. We sold in the United States 275 harvester threshers in 1923 (corrected on cross-examination to 295). It appeared to us as though we could have sold two or three times as many had we had them. We also sold some in the Argentine.

We think our company has developed a satisfactory type of machine. Almost all of those sold in 1923 were in western Kansas, western Oklahoma, western Texas, and western Nebraska, and a few in the intermountain country. In that territory we met all of our competitors, the International Harvester Company, Massey-Harris Company, and Holt Company. There is good, strong competition in the sale of harvester threshers; very much the same as we meet in other implements. We have found it possible to sell

our machines in competition with the Harvester Company's harvester machines. There are a few spots where we got considerably more trade than they. In places we have felt the competition of Massey-Harris and Holt more than the Harvester Company. We look for considerable expansion and increase of the business of our company in these new machines.

We have been competing for years with the International Harvester Company in threshers and some other machines. We regard the Harvester Company as good, hard competition, but clean and honorable and fair competition in every way. We think the standing and good will of the Case threshing machines give our company a good advantage in entering this new field. The good standing of our company in the thresher business gives us as favorable an entry to the harvester-thresher field as the good standing of the Harvester Company in the harvester business. Our threshers and other lines have been represented and marketed generally by local dealers throughout the country. We have marketed our harvester threshers through these connections. That is the way we expect to market all that we will sell.

Cross-examination by Mr. MYERS:

Our stationary thresher business with attachments has run about 30 or 33 per cent of our total business. It has been as low as 25 per cent and as high as 45 per cent. Steam engines run about 6 or 7 per cent since the tractor has taken their place. Tractors have run as high as 40 per cent, now about 30 per cent; road machinery, about 4 per cent; hay balers, 2½ per cent; plows, 7 per cent; automobiles, 15 per cent; harvester threshers, about 3 per cent.

This company's sales of the combined harvester threshers were in 1923: Prairie type 245, price \$1,975 each; hillside type 24, price \$2,000; hillside 26, \$2,200. Price of the hillside type was increased during the year to cover an increase in the cost of manufacturing. These machines were sold to farmers through implement dealers whose commission on prices stated above was 20 per cent on sales for cash, 10 per cent on sales in which credit was granted for any part of the selling price.

In addition to the International, Massey-Harris, and Holt, no other manufacturers of combined harvester threshers have come to my attention except in an experimental way.

The Idaho National Harvester Company, of Moscow, Idaho, never manufactured harvester threshers except in an experimental way. It discontinued manufacture in 1918. I understand their machine was rather unsatisfactory. The Savage Harvester Company, of Denver, made a few machines. I think they sold out to the Advance-Rumely Company. I do not know whether anything more than the patents were taken over. I know the Advance-Rumely Company made one or more experimental machines and had them in the field during the season of 1923. I saw one of them. I know the Northwest Harvester Company, of Spokane,

527 Washington. They made a harvester thresher for the hill country. I understand that company no longer sells its machines. The dealers through whom we sell our implements are agricultural-implement dealers. Most of them handle full lines of implements, including lines manufactured by other companies. Such dealers might have our plows, tractors, and threshers, and the harvesting machinery, including harvester threshers, of the International or the Massey-Harris, but in the districts where the harvester threshers are being sold, that combination does not often exist. As to whether in every instance we can place our harvester thresher with a dealer handling some of our other lines without at the same time displacing the harvester thresher manufactured by some one else, that is not wholly true. I am not sure that we would seek to do so in every instance.

Redirect examination by Mr. ELLIOTT:

The Advance-Rumely Company, which had an experimental harvester thresher out last year, ranks next to our company in volume of thresher trade (that is, next to largest in the country). We have the largest.

My understanding is that the Advance-Rumely Company took over from the Savage Harvester Company all that goes to make a harvester thresher; as to buildings and equipment, I do not know.

528 By agreement of counsel for the respective parties in this cause, dealer testimony contained in Volumes II, III, and IV of the record in the District Court is included in the transcript on appeal in the following form.

Recross examination by Mr. MYERS:

529 The defendants called 81 implement dealers from the following States: Illinois, 6; Indiana, 6; Iowa, 5; Kansas, 12; Michigan, 3; Minnesota, 9; Missouri, 5; Nebraska, 3; New York, 1; North Dakota, 7; Ohio, 8; Pennsylvania, 1; South Carolina, 1; South Dakota, 3; Tennessee, 1; Virginia, 1; West Virginia, 1; Wisconsin, 8. Of these dealers 32 sold the harvesting machines of the Harvester Company, 39 sold those of Deere and Company, 12 sold Massey-Harris, 9 sold Avery and Sons, 8 sold Emerson-Brantingham Company, 5 sold Minnesota State Prison, and 4 sold those of the Moline Company.

The dealers were asked in regard to competitive conditions, not only in their own towns but in surrounding towns in which there were implement dealers with whom they came into competition. In this way competitive conditions in over 281 towns in important farm communities were shown. (The exact number is not shown by the record because in some instances the dealers testified as to competitive conditions in adjacent towns without specifying the number of such towns. In such cases, in arriving at the figure 281, the dealer was treated as though he described only the conditions in one town.

The dealer witnesses were interrogated upon other points and their testimony is summarized in the following twelve tables:

Tables 1 to 12 summarizing testimony of certain witnesses

TABLE 1

The following dealers testified that in their communities from two to five lines of harvesting machines are offered for sale:

Name	Address	Line of harvesting machines handled by witness	Companies whose harvesting machines are handled by dealers and offered for sale in the territory in which the witness competed for the trade
ILLINOIS			
Walter Challen	Quincy	International	Avery, Deere, International, Massey-Harris.
Frank J. Haged	Mt. Sterling	Deere	Deere, International.
William Noble	Waterloo	Osborne, Deere	Deere, Emerson-Brantingham, International.
John Schaller	Mendota	International	Deere, Emerson-Brantingham, International, Massey-Harris, and Moline.
F. L. White	Newman	Deere	Deere, International.
INDIANA			
Oren Deere	Indianapolis	International	Deere, Emerson-Brantingham, International, Massey-Harris.
L. L. Jenner	Marengo	Champion, Deere	Avery, Deere, International, Massey-Harris.
E. I. Polson	Terre Haute	Deere	Deere, International, Massey-Harris.
William O. Scott	Milford	Deere	Avery, Deere, International, Massey-Harris.
James E. Tumilty	Greensburg	International	Deere, International, and Moline.
G. F. Wagner	Jasper	International	Avery, Deere, International, Massey-Harris, Moline.
IOWA			
E. F. Artnknecht	Donnellson	International	Deere, Emerson-Brantingham, International, and Moline.
A. S. Dandel	Ossian	Deere	Deere, International, Minnesota Prison, Moline.
Cale C. Griesy	Belmond	International	Deere, International, Moline.
Ed A. J. Kleinjan	Durand	Massey-Harris	Deere, International, Massey-Harris.
T. U. Richards	LaPorte City	International	Deere, International, Moline.
KANSAS			
W. F. Baker	Coldwater	Champion and Deere	Avery, Deere, Emerson-Brantingham, International.
W. O. Carter	Garden City	Deere, Champion, Osborne	Avery, Deere, Emerson-Brantingham, International.
E. C. Cray	McPherson	Deere	Deere, International.
D. E. Danielson	St. Francis	International	Deere, Emerson-Brantingham, International, Massey-Harris.
P. O. Gray	St. John	International	Avery, Deere, International, Massey-Harris.
W. E. Haynes	Emporia	International	Avery, Deere, Emerson-Brantingham, International, Massey-Harris.
Clayton Lehman	Newton	International	Deere, Emerson-Brantingham, International.
E. E. Lehnberg	Mound Ridge	Deere	Deere, International.
John Lippy	Independence	Massey-Harris	Deere, International, Massey-Harris.
Charles McCarthy	Emporia	Osborne, Champion	Avery, Deere, Emerson-Brantingham, International, Massey-Harris.
N. J. Rath	Neodesha	International	Deere, Emerson-Brantingham, International.
Murray M. Smith	Clay Center	Deere	Deere, Emerson-Brantingham, International, Massey-Harris, Moline.
MICHIGAN			
James B. French	Flushing	International	Avery, Deere, Emerson-Brantingham, International, Massey-Harris, Moline.
Peter Guntling	Fremont	Osborne	Deere, Emerson-Brantingham, International.
J. L. Purchase	Grand Rapids	Massey-Harris, Deere	Deere, International, Massey-Harris.

Name	Address	Line of harvesting machines handled by witness	Companies whose harvesting machines are handled by dealers and offered for sale in the territory in which the witness competed for the trade
MINNESOTA			
R. T. Bryan	La Crosse	Deere	Deere, International, Minnesota Prison
L. E. Campbell	Montevideo	International, Deere	Deere, International, Minnesota Prison
F. G. Hald	Kenyon	Deere	Deere, International, Minnesota Prison
G. P. Janslyn	Rochester	Moline, Minnesota	Deere, International, Minnesota Prison, Moline
Joseph R. Keefe	Redwood Falls	International	Deere, International, Minnesota Prison, Moline
Peter Miller	Rushford	Deere, Minnesota	Deere, Emerson-Brantingham, International, Minnesota Prison
H. H. Scheppers	Cologne	Deere	Deere, International, Minnesota Prison
W. G. Schroeder	St. Paul	Deere	Deere, International, Macey-Harris, Minnesota Prison
Albert N. Thynell	Hawley	International, Minnesota Prison	Avery, Deere, Emerson-Brantingham, International, Macey-Harris, Minnesota Prison, Moline
MINNESOTA			
H. W. Fly	Monett	International	Deere, International, Macey-Harris
F. G. Harrison	Richmond	Deere	Deere, International
Frank Schiffer	Norborne	Deere	Deere, Emerson-Brantingham, International, Moline
W. W. Windsor	Lincoln	International	Deere, International, Macey-Harris, Moline
Thomas Wilcox	Trenton	International, Osborne	Avery, Deere, Emerson-Brantingham, International, Macey-Harris, Moline
MISSOURI			
T. J. Minnick	Camden	Deere	Deere, International, Moline
W. M. Stebbins	Centerville	International	Deere, International, Moline
A. J. Starnes	Auburn	Deere	Deere, International
NEW YORK			
Alvin Long	Long Island	Deere	Deere, International, Macey-Harris
NEW YORK			
Orin Bauer	Manhasset	International	Deere, Emerson-Brantingham, International
L. B. Garrison	Shenandoah	International	Deere, International, Macey-Harris, Minnesota Prison
Peter Glavin	Northwood	Osborne	Deere, Emerson-Brantingham, International, Minnesota Prison
R. A. Lathrop	Hopkinton	International	International, Minnesota Prison, and the witness stated various firms were handled in nearby towns
N. M. Lunde	Campbelltown	Deere	Deere, International
W. J. Mayhew	West Haverhill	International	Deere, Emerson-Brantingham, International, Macey-Harris, Minnesota Prison
B. W. Osborn	Croton	Deere	Deere, International, Macey-Harris, Moline, Minnesota Prison
John Champion	Bryan	Champion, Deere, Macey-Harris	Avery, Deere, International, Macey-Harris
L. D. Cougher	Tiffin	Deere	Deere, Emerson-Brantingham, International, Macey-Harris, Moline
F. W. Garry	Van Wert	Macey-Harris, Deere, Moline	Deere, International, Macey-Harris, Moline
C. E. Hawes	Melrose	Macey-Harris	International, Macey-Harris
D. L. Rice	Lebanonville	Macey-Harris	International, Macey-Harris
A. M. Sellers	Lebanon	International, Moline	Emerson-Brantingham, International, Macey-Harris, Moline
Dallas Sullivan	Richwood	Deere	Deere, International, Moline
J. A. Taylor	Plain City	Deere	Deere, Emerson-Brantingham, International
PENNSYLVANIA			
S. C. Blackbain	Tarboro	Macey-Harris	International, Macey-Harris
SOUTH CAROLINA			
S. F. Blankenship	Sumter	Champion and Moline	Avery, Deere, Emerson-Brantingham, International, Moline

Name	Address	Line of harvesting machines handled by witness	Companies whose harvesting machines are handled by dealers and offered for sale in the territory in which the witness competed for the trade
334 SOUTH DAKOTA			
E. C. Barton	Vermillion	Deere, International	Deere, Emerson-Brantingham, International, Minnesota Prison, Moline
Philip Finkels	Miranda	Deere	Deere, International
John J. Hoch	Eureka	Massey-Harris, Deere	Avery, Deere, International, Massey-Harris
TENNESSEE			
J. C. Beck	Knoxville	Champion	Avery, Deere, International, Massey-Harris, Moline
VIRGINIA			
H. M. Baskerville	Richmond	International	Deere, Emerson-Brantingham, International, Massey-Harris
WEST VIRGINIA			
J. M. Lewis	Huntington	International	Avery, Deere, International, Massey-Harris, Moline
WISCONSIN			
C. E. Bartlett	Cameron	Deere	Deere, Emerson-Brantingham, International, Minnesota Prison, Moline
Frank Calmes	Appleton	Champion, Osborne	Avery, Deere, Emerson-Brantingham, International, Minnesota Prison, Moline
John F. Doodl	Prairie du Sac	Deere	Deere, Emerson-Brantingham, International, Minnesota Prison
S. F. Godfrey	Wausau	International	Avery, Deere, Emerson-Brantingham, International, Minnesota Prison, Moline
A. E. Leht	Wausau	Massey-Harris	Avery, Deere, International, Massey-Harris, Minnesota Prison
William Niemeyer	Sparta	International	Avery, Deere, Emerson-Brantingham, International, Minnesota Prison
R. G. Nuss	Madison	Champion, Osborne, Minnesota	Avery, Deere, Emerson-Brantingham, International, Minnesota Prison
A. W. Furber	Edgar	Deere	Deere, International, Massey-Harris, Minnesota Prison

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TABLE 2

All the dealers testified to facts showing the existence of active competition in the harvester line. The dealers listed below testified either that the competition in the harvester lines was keen, or that it was similar to that existing in other lines of agricultural implements, or that there was active competition in all lines of agricultural implements and that it extended to the harvester line.

Name	Address	Name	Address
ILLINOIS		KANSAS	
Walter Chatham	Quincy	William O. Carter	Garden City
Frank J. Haupt	Mt. Sterling	E. C. Cray	McPherson
William Nodde	Waterloo	Mr. D. R. Danielson	St. Francis
John Schneider	Mendota	F. O. Gray	St. John
E. E. Veenhuizen	Blaineville	W. E. Haynes	Emporia
Fred L. White	Newman	Clayton Lehman	Newton
		Murray M. Smith	Clay Center
INDIANA		MICHIGAN	
Geo. Deere	Indianapolis	James B. French	Flushing
L. L. Jensen	Marengo		
E. I. Polson	Terre Haute		
William O. Root	Millard		
George F. Wagner	Jasper		
IOWA		MINNESOTA	
A. S. Damsel	Ottumwa	L. E. Campbell	Montevideo
Oslo C. Gray	Belmond	F. G. Hald	Kenyon
A. J. Klotzjan	Durand	G. P. Jamelyn	Rockham
		Joseph B. Koels	Redwood Falls
		Peter Miller	Rushford
		H. H. Schaeppers	Colonge
		W. G. Schroeder	St. Paul
		Albert N. Thynell	Hawley

Name	Address	Name	Address
MISSOURI		PENNSYLVANIA	
F. O. Harrison	Richmond	S. C. Stockdale	Tarentum
Frank Schifferdecker	Norborne	SOUTH CAROLINA	
W. W. Wadson	Lincoln	S. F. Stouffville	Sumter
Tom N. Whitten	Trenton	SOUTH DAKOTA	
NEBRASKA		E. C. Barton	Vermillion
T. J. Minnick	Cambridge	John J. Hieb	Kearney
W. M. Stedman	Goldensburg	TENNESSEE	
A. J. Storme	Auburn	J. C. Beck	Knoxville
NEW YORK		VIRGINIA	
Alvin Long	Grand Island	H. M. Baskerville	Richmond
NEW YORK		WEST VIRGINIA	
Orin Bauer	Mandan	J. M. Lewis	Huntington
L. B. Garman	Shenando	WISCONSIN	
Frederick Gifford	Northwood	C. E. Barthol	Cameron
R. A. Lathrop	Hope	Frank Calmon	Appleton
N. M. Lunde	Coopersburg	S. F. Gifford	Wausau
W. J. Reynolds	West Hope	WISCONSIN	
D. W. Sherman	Oshtemo	A. E. Lobe	Wausau
OHIO		Wm. Noyes	Sparta
L. D. Cropper	Tiffin	H. G. Noyes	Madison
L. L. Rice	Lancaster	Alfred W. Proctor	Edgar
S. M. Sellers	Lakewood		
Edgar Sullivan	Richwood		

TABLE 3

The following dealers whose names are followed by "(a)" testified to the fact that the good will which an implement dealer builds up is of great importance in the sale of agricultural implements. The dealers whose names are followed by "(b)" testified that after having been discontinued as dealers for the International Harvester Company under the decree of 1918 they sold many competing harvesting machines to farmers who were accustomed previously to purchase from them the harvesting machines of the International Harvester Company.

Name	Address
Walter Chubb	(a) Quincy
Frank J. Hoag	(a) Mt. Sterling
William Noble	(a) Waterloo
E. J. Patten	(a) Terre Haute
William O. Smith	(a) Milledge
E. F. Armstrong	(a) Indiana Gap
A. R. Gamm	(a) Orono
A. J. Knapton	(a) Thruway
W. F. Baker	(a) Crawford
Walter O. Carter	(a) Garden City
Clayton Lehman	(a) Newton
E. E. Lehigh	(a) Mount Ridge
Charles McArthur	(a) Eugene
Murray M. Smith	(a) Clay Center
P. E. Pritchard	(a) Grand Rapids
B. T. Brown	(a) Le Roy
Frederick Miller	(a) Bradford
W. O. Schuchman	(a) St. Paul
P. W. Fly	(a) Mount
J. G. Harrison	(a) Richmond
Frank Schifferdecker	(a) Norborne

Name		Address	
Yam M. Witten	(a)	Trenton	"
W. M. Stebbins	(b)	Gothenburg	Neb.
A. J. Storans	(b)	Auburn	"
Alvin Leung	(b)	Grand Island	N. Y.
Peter Glanrud	(b)	Northwood	N. D.
B. W. Sloman	(b)	Onaka	N. D.
L. D. Cropper	(b)	Tiffin	Ohio
C. E. Hoover	(b)	Medina	"
Indus Sullivan	(a) (b)	Richwood	"
E. C. Barton	(b)	Vermilion	S. D.
Philip Finkels	(b)	Miranda	"
J. C. Beck	(b)	Knoxville	Tenn.
John F. Doll	(b)	Prairie du Sac	Wis.
A. E. Lohr	(b)	Waupun	"

TABLE 4

The following dealers testified that a capable dealer handling any well-made line of harvesting machinery could compete successfully with a dealer handling the harvesting machines of the International Harvester Company:

No	Name	Address	Name	Address
ILLINOIS			NORTH DAKOTA	
	Walter Challen	Quincy	Otto Beyer	Mandan
	John Schuler	Menasha	Peter Glanrud	Northwood
	E. E. Voorhees	Randallville	N. M. Lundie	Cooperstown
INDIANA			W. J. Reynolds	West Hope
	L. L. Jensen	Marengo	B. W. Sloman	Onaka
	E. J. Polson	Terre Haute	OHIO	
	William O. Becht	Milford	John Champion	Bryan
IOWA			L. D. Cropper	Tiffin
	E. P. Arnoldswold	Denison	C. E. Hoover	Medina
KANSAS			B. L. Rice	Loudonville
	W. F. Baker	Coldwater	S. M. Sellers	Lebanon
	Walter G. Carter	Garden City	J. A. Tedrick	Plain City
	P. O. Gray	St. John	PENNSYLVANIA	
	W. E. Haynes	Emporia	S. C. Stockdale	Tarentum
	E. E. Lehnberg	Mound Ridge	SOUTH CAROLINA	
	Charles McCarthy	Emporia	S. F. Glendonshire	Sumter
KENTUCKY			SOUTH DAKOTA	
	James B. Francis	Flushing	E. C. Barton	Vermilion
	Peter Goring	Fremont	Philip Finkels	Miranda
MINNESOTA			John J. Hieb	Eureka
	R. T. Bryan	Le Sueur	TENNESSEE	
	L. E. Campbell	Montevideo	J. C. Beck	Knoxville
	F. O. Held	Kennyon	VIRGINIA	
	G. F. Jamieson	Richman	H. M. Buckerville	Richmond
	John Miller	Richford	WEST VIRGINIA	
	H. H. Schleggers	Coleman	J. M. Lewis	Huntington
	W. O. Schwaner	St. Paul	WISCONSIN	
MISSOURI			C. E. Bartlett	Cameron
	R. W. Fly	Monett	Frank Calmes	Appleton
	F. G. Harrison	Richmond	John F. Doll	Prairie du Sac
	Tom N. Witten	Trenton	S. F. Godfrey	Waupun
NEBRASKA			A. E. Lohr	Waupun
	T. J. Minnick	Cambridge	William Nirmeler	Sparta
	W. M. Stebbins	Gothenburg	R. G. Nunn	Madison
			Alfred W. Purchase	Edgar

TABLE 5

The following dealers, discontinued by reason of the decree of 1918, testified that since such discontinuance they had sold competing harvester lines and that their sales in such lines had been greater (those so testifying are indicated by small letter "(a)") or as great (those so testifying are indicated by "(b)") as the dealers in the same towns handling the International's Harvester lines, or that their sales had been as great as when they sold the International Harvester Company's machines (those so testifying are indicated by "(c)").

Name		Address	
F. J. Hagel	(b)	Mt. Sterling	Ill.
E. I. Foston	(b)	Terra Haute	Ind.
A. R. Damsel	(b)	Omaha	Iowa
A. J. Kleinjohn	(a)	Durand	"
343 W. F. Baker	(a)	Coldwater	Kan.
Walter G. Carter	(b)	Carthage City	"
E. C. Casey	(b)	McPherson	"
E. E. Lohmberg	(a)	Moundridge	"
John Legges	(a)	Independence	"
Charles McFarley	(c)	Emporia	"
M. M. Smith	(b)	Clay Center	"
J. L. Purbaugh	(a)	Grand Rapids	Mich.
F. G. Holt	(b)	Kanpur	Miss.
G. F. Lumsden	(b)	Kankakee	"
Peter Miller	(a)	Kankakee	"
H. H. Scheggs	(a)	Calgon	"
W. G. Schumaker	(a)	St. Paul	"
F. G. Hartman	(a)	Kidder	Mo.
Frank Schaffelacker	(b)	Norborne	"
T. J. Muenick	(b)	Cambridge	Nebr.
A. J. Starnes	(b)	Albion	"
Alvin Long	(b)	Grand Island	N. Y.
Paul Harnad	(b)	Northwood	N. D.
S. M. Landa	(b)	Compton	"
D. W. Alcott	(b)	Osage	Okla.
John Christopherson	(b)	Byron	"
F. W. Casey	(b)	Nash	"
C. F. Hackett	(b)	Marion	"
B. L. Rice	(a)	Lecomville	"
Dallas Sullivan	(a)	Richwood	"
J. A. Tedrick	(a)	Plato City	"
G. C. Black Salt	(b)	Tipton	Pa.
G. F. MacLennan	(a)	Burton	S. C.
Philip Fischer	(b)	Minerva	S. D.
344 John E. Bush	(b)	Kennett	S. D.
C. E. Burdett	(a)	Cameron	W. Va.
Frank Gibson	(a)	Appleton	"
John F. Drell	(b)	Peoria du Parc	"
A. W. Purdum	(b)	Edgar	"

TABLE 6

The following dealers testified that the tillage line was more important than the harvester line as a nucleus for an implement dealer's business.

Name	Address	Name	Address
ILLINOIS		NEBRASKA	
Frank J. Hugel	Mount Sterling.	T. J. Minnick	Cambridge.
E. E. Voorhees	Piasa Mills.	W. M. Stephens	Guthrieburg.
		A. J. Starnes	Auburn.
INDIANA		NORTH DAKOTA	
L. L. Jander	Marietta.	B. W. Blomquist	Oakes.
E. J. Polson	Terre Haute.		
William O. Scott	Millford.		
IOWA		OHIO	
J. F. Arnsperger	Donnellson.	F. W. Gentry	Van Wert.
Geo. C. Gentry	Belmont.	S. M. Nelson	Lebanon.
A. B. Dones	Onion.	Julius Sullivan	Richwood.
KANSAS		SOUTH DAKOTA	
W. E. Haynes	Emporia.	E. C. Burton	Vermillion.
John Lapp	Independence.	John J. Bush	Eureka.
		Philip Finden	Marenda.
MICHIGAN		WEST VIRGINIA	
Peter Goring	Freemont.	J. M. Lewis	Huntington.
J. L. Puchner	Grand Rapids.		
MINNESOTA		WISCONSIN	
E. T. Bryan	Le Sueur.	John F. Doll	Francis du Sac.
Joseph R. Keck	Redwood Falls.	A. E. Lahr	Wausau.
W. O. Schneider	St. Paul.	Alfred W. Fuchter	Edgar.
MISSOURI			
W. W. Windsor	Lincoln.		
Tom N. Witten	Trenton.		

TABLE 7

The following dealers testified to the declining importance of the grain binder and the sulky hay rake.

(a) The following dealers testified that the grain binder had declined in importance because of diversification of crops:

Name	Address	Name	Address
Charles McCarthy	Emporia, Kan.	F. O. Harrison	Richmond, Mo.
E. T. Bryan	Le Sueur, Minn.	Geo. Buser	Madison, N. D.
G. F. Jamieson	Rochester, "	E. A. Lathrop	Hope, "
Tom Miller	Richford, "	C. E. Hoover	Medina, Ohio
E. H. Schleggers	Chicago, "	Philip Finden	Marenda, S. D.
W. G. Schneider	St. Paul, "	John J. Bush	Eureka, "
E. W. Fly	Monett, Mo.	J. C. Bush	Knoxville, Tenn.

(b) The following dealers testified to the replacement of the binder by the harvester thresher:

Name	Address	Name	Address
W. F. Baker	Coldwater, Kan.	F. O. Gray	St. John, Kan.
D. R. Darneshaw	St. Francis, "	W. E. Hayslet	Emporia, "

TABLE 11

The following dealers testified that the cut made by the Oliver Chilled Plow Works in January, 1921, necessitated price reductions on all lines of agricultural implements, including harvesting machines:

Name	Address	Name	Address
ILLINOIS		MISSOURI	
Frank J. Hagel	Mount Sterling	T. J. Minnick	Cambridge
William Noble	Waterloo	W. M. Stedman	Gothenburg
		A. J. Storme	Auburn
INDIANA		NORTH DAKOTA	
Oren Deere	Indianapolis	Peter Olmstead	Northwood
E. I. Polson	Terre Haute	B. A. Lathrop	Hopewell
James E. Yumilly	Greshamburg	N. M. Lund	Cooperstown
IOWA		OHIO	
E. F. Armknecht	Des Moines	F. W. Gandy	Van Wert
A. S. Damsel	Cedar Rapids	S. M. Sellers	Lebanon
Oslo C. Orin	Bethesda	James Sullivan	Richwood
A. J. Klingbein	Des Moines		
T. C. Richards	La Porte City		
KANSAS		SOUTH DAKOTA	
W. F. Baker	Fullerton	E. C. Barton	Vermillion
W. E. Haynes	Emporia	John J. Hark	Eureka
John Lippert	Independence		
W. J. Hark	Neodesha		
MICHIGAN		WEST VIRGINIA	
James B. French	Flushing	J. M. Lewis	Huntington
Perce Goshall	Freemont		
MINNESOTA		WINNEMAN	
B. T. Bryan	La Crosse	John F. Hull	Prairie du Sac
L. E. Campbell	Montevideo	E. O. Nye	Madison
Albert N. Thynell	Hawley	G. F. Hordberg	Wausau
MISSOURI			
Frank Schifferdacker	Norborne		
W. W. Watson	Lincoln		
Tom N. Wilson	Trenton		

TABLE 12

The following dealers who were discontinued by the Harvester Company in accordance with the decree of 1918 testified that they could have been retained as dealers for the Harvester Company, but they preferred the Deere line because the latter's tillage tools were more popular.

Name	Address	Name	Address
F. J. Hagel	Mt. Sterling, Ill.	Frank Schifferdacker	Norborne, Mo.
E. I. Polson	Terre Haute, Ind.	L. D. Cramer	Tiffin, Ohio
A. S. Damsel	Cedar Rapids, Ia.	John J. Hark	Eureka, S. D.
Oslo C. Orin	McPherson, Kan.	C. E. Barrett	Cameron, W. Va.
B. H. Schuppert	Coloqua, Minn.		

534 The testimony of the following 25 dealers of the 81 dealers called by the defendants is abstracted as representative of the testimony of all.

THOMAS N. WITTEN, being duly sworn, testified as follows (Feb. 11, 1924) :

Direct examination by MR. REMY :

I live in Trenton, Missouri, and am an implement dealer there. I have been in that business 25 years; I handle goods of the Harvester Company, Janesville Company, and Emerson-Brantingham Company principally. I am president of the National Federation of Implement Dealers' Associations and was a director in 1921 and 1922 and vice president in 1923.

Not over 15 per cent of our implement business consists in the sales of harvesting machines; harvesting machines are of less relative importance now than at any other time. The tillage line is considerably more important than the harvester line as a nucleus for an implement dealer's business.

The decline in the importance of harvesting machines is due to the change in the way farmers are handling their farms, to the length of time a binder will last, to the better care that is taken of it. Further, the tractor now has made it possible for the harvesting machine to do much more of the neighborhood work than ever before.

In my locality the sulky rake is of no importance. Hay is baled out of the swath; the side-delivery rake is used in the alfalfa field, but even there they take it up out of the swath of the bull rake into the press.

535 In my vicinity the Massey-Harris, Emerson-Brantingham, Avery, Deere, and International lines of harvesting machinery are handled. There is active competition in the sale of all kinds of agricultural implements. I know of no business where competition is more active for the amount of usage.

The mail order houses like Sears-Roebuck, Montgomery Ward, and a number of others sell direct to farmers and in some cases to dealers and furnish no service; some manufacturers, like the Janesville Company and the Moline Plow Company, sell with bill of lading attached and ship when they see fit; and the other plan is where the dealer buys the goods and the manufacturer carries him to some extent and gives him service in selling and in seeing that the goods give satisfaction.

I am acquainted with farmers and dealers throughout the United States. One of these selling plans appeals to a certain class of people and others to other classes. The service plan is useful to dealers who are not able to exploit their goods through lack of capital. The nonservice contract has a plan where men are able to pay for their goods and exploit them themselves.

There is very largely a price relationship between all kinds of agricultural implements. I remember the decrease in the prices of

farm products during the last part of 1920. The farmers had made arrangements, contracted bills, bought land, and made improvements when prices were good and things were looking good, and
 556 when the bottom dropped out of his farm prices you could see the condition naturally that fellow would be left in.

Mr. MYERS. Petitioner refers to the general objection heretofore entered to this line of testimony.

And then when 1921 came, he became almost an anarchist. I live in as good a community as there is under Heaven and I have never done business in such conditions as I have for the last three years. The farmer when he had to buy a tool did it resistently and almost insulted you when he gave you the check for it—men you have known all your life, men who had traded with you for 25 years.

Various manufacturers of implements reduced their prices in 1921. Oliver was the first; his cut was generally published and known, and the farmers said this firm is making a lower price, why don't you all make them? It led farmers and dealers, following the precedent that had been set for years, to believe that the prices of agricultural implements on all lines would be reduced.

An implement dealer most assuredly builds up, if he carries on his business successfully and efficiently, a local good will. I am acquainted with the Osborne, Champion, Deere, and Massey-Harris lines of harvesting machines, and I know of no reason why an active, able dealer can not sell any of these lines successfully in competition with a dealer handling the harvesting machines of the Harvester Company. I have done it myself in the case of the
 557 Osborne. It is being done in thousands of instances in the case of the Deere.

There are more Fordson tractors sold in my community than all the rest put together. The Fordsons are sold through Ford agencies, which sell in connection with these tractors, binders, mowers, mower attachments, disc harrows, plows, pulverizers, road machinery, threshers—about everything in farm tools. In my community mostly the Deere and Moline binders are sold with the Ford.

The provision in the decree confining the Harvester Company to selling its goods to one dealer in a town has had a big result on competitive conditions because many towns had two and sometimes three good dealers, and it has made an opening for other concerns to get in and do business with dealers that the Harvester Company formerly had.

Cross-examination by Mr. MYERS:

The Eastern Dealers Association is not a member of the National Federation.

558 STANLEY M. SELLERS, being duly sworn, testified as follows (Feb. 11, 1924):

Direct examination by Mr. REMY:

I live in Lebanon, Ohio. I am secretary & treasurer and manager of J. W. Lingo Hardware Company. I started in the imple-

ment business in 1885 as a salesman for the Houston Company in South Charleston, Ohio. I went with Mr. Lingo's firm in 1888 and was there until 1896. I traveled for the Moline Plow Company from 1896 to 1903, and was their assistant branch manager at Indianapolis from 1903 to 1905. From 1905 to 1910 I was agent for the Syracuse Plow Company in Ohio and Kentucky. In 1910 I took an interest in the Houston Company and continued there for four years. Then we reorganized the Lingo Hardware Company and I succeeded Mr. Lingo.

I have been a director, vice president, and president of the Ohio Implement Dealers Association. I was president in 1923 of the Federation Implement Dealers' Associations, vice president in 1922, a director for three years previous to that, and have been a member of the trade relations committee for three years. These offices have brought me in contact with dealers generally and particularly in Ohio, and my business has brought me in contact with farmers many years.

When the Government control of wheat was released, the price first increased; our local price went up to \$2.60 a bushel and then fell. The general decrease in the prices of farm products created an antagonism on the part of the farmers and generally they quit buying agricultural implements—they did without in some instances, they loaned and exchanged among themselves, and repaired old tools.

Mr. MEYERS. Petitioner makes reference to the general objection to this line of testimony heretofore entered.

359 The leaders of the farm bureau in Ohio were voluble in their advice not to buy any agricultural implements.

The Lingo Company handles Moline and Harvester Companies' tractors and harvesting machines, principally Oliver of its plows, some Imperials, International and Ohio Rake Companies' disk harrows, Ohio Rake Company's spike harrows, side-delivery rakes, and hay loaders, and the company also sells wagons, engines, cream separators, culti-packers, and cultivators.

Our implement business, excluding repairs and twine, in 1923 was \$33,423.07. About \$10,000 of it was represented by sales of the Harvester Company's goods. Our sales of binders, corn binders, mowers, and sulky hayrakes were \$3,411.00.

Prior to 1918 the tractor was largely experimental. To-day it is absolutely essential to an implement dealer's business.

In our territory, and in Ohio generally, the tillage line is more important than the harvester line as a nucleus for an implement dealer's business, and the harvester line is not as important now as from 1902 to 1913. The harvester has more than three times the lifetime it had in earlier days, and the tractor enables one man with a harvester to do materially more work than he did with one machine.

The sulky rake was largely sold in 1902. Sales decreased by 1913 because a considerable number of sweep rakes had come in and

were taking its place, and it is sold to a less extent now because of the loader and side-delivery rake. Sales of sulky rakes in Ohio today are decidedly small. I bought two the other day. A few years ago I would have bought twelve or fifteen. The combined rake and tedder, a new machine a half a dozen years old, is very generally used where there is any considerable quantity of hay made.

The Fordson tractor is handled by Ford agencies, and in the territory with which I am familiar they almost invariably sell gang plows, disk harrows, culti-packers, and sometimes the drag or spike harrows; also they sell feed grinders and saws. In Warren County, the county in which I am, the Harvester Company's harvester line was handled by ourselves; by Mr. Conover, of Franklin; by Lewis, of Morrow, and Cox, of Mason; Cole, of Waynesville, has the Massey-Harris. Corwin Brothers, of Lebanon, have the Deere. Tiger and Charlton, of Cozaddale, have the Emerson-Brantingham; and the Farmers' Harvester Company, of Clarksville, handles the Emerson.

The Ford dealers sell Oliver and Deere plows, Vulcan culti-packers, Roderick Lean and Oliver disk harrows, American Seeding Machine Company drills, Stover mills, Rude's manure spreaders. Ford sells more tractors than all of us.

I think there are more Moline Plow Company binders in use today in our county than any other. Next would be the McCormick, next the Deering, next the Osborne, and there are a good many old Milwaukees.

There is no reason why an experienced implement dealer could not sell the Osborne line of harvester machines successfully in competition with dealers handling the International line. The Osborne is an efficient machine.

We always expect an increase or decrease in prices throughout the entire agricultural line. The same elements of cost enter into the production of a binder that enter into the production of a cultivator or a plow. Prices are usually up or down on the entire line.

The possible exception to this in the implement line is the wagon, which carries a large amount of high-class wooden materials.

I remember the first cut in the prices of implements was made in 1921 by the Oliver Company.

Mr. REMY. Would such a cut lead implement dealers and farmers to believe that there would be cuts by other companies?

Mr. MYERS. Petitioner makes reference to the general objection heretofore entered as to this line of testimony.

The Oliver cut would lead implement dealers and farmers to believe that there would be a cut on all lines of implements clear through, because that is usually the fact.

As an experienced dealer in agricultural implements, I would say that there is absolutely no obstruction to full and free competition

in all lines of agricultural implements. There is keen competition on all lines of agricultural implements.

Cross-examination by Mr. MYERS:

Lebanon is in the southwestern part of Ohio, thirty miles north and east of Cincinnati. We are in the agricultural country. We practice a three-year rotation on our farms—corn, wheat, and grass. It is not a wheat country in the same sense that the Dakotas and Minnesota are called a one-crop country. Wheat acreage is almost exactly the same as our corn acreage. Every third year it is wheat.

The depression in the sale of agricultural implements still continues. Business was a little better in 1923 than in 1922. Competition is not always stronger in times of depression than in prosperous times. If the trade is depressed and you have a dealer who is hard up, the competition is worse, but the result frequently is that dealers quit making an effort, feeling that they can get no return from such effort.

362 In 1918 our business was very slightly above what I regard as the normal amount. In 1919 it was considerably above. In 1920 it dropped from \$145,000 to \$120,000. In 1921 it dropped to \$100,000, and in 1922 it did not improve any.

We are the only dealers in our county selling the harvesting machines and the Moline Plow Company. The fact that more Moline binders than any others are used in our county is due more to my predecessor's efforts than mine.

A mower is one of the simplest tools on a farm. It is not so complicated as a corn binder, but is more complicated than a harrow or a plow.

Our business in repairs in binders is higher than repairs in seeding machines, because there are more parts that may be broken. On a mower the wear is confined almost entirely to the pitman and cutter bar. Possibly the mower encounters more resistance in mowing than the working parts of a seeding machine.

363 E. P. ARMKNECHT, being duly sworn, testified as follows (Feb. 8-10, 1924):

Direct examination by Mr. ELLIOTT:

My home is Donnellson, Iowa, where I have had a retail implement store since March 1, 1885. I have handled harvester machines during all of this time. I have handled the Osborne, Champion, Milwaukee, Acme, and Deering machines during my experience. In 1919 I took up the Deering, now it is the McCormick-Deering.

Immediately before that I handled the Acme for four years.

There are five dealers in my county handling Deere harvesting machines; five handling the International harvester; three, including the Fordson, handling the Moline harvesting machinery; and three Emerson-Brantingham.

I have never bought a so-called "Red Baby" truck from the Harvester Company; only one of the Harvester Company dealers has one. Some dealers other than Harvester Company dealers use trucks

in their business. Whether a dealer acquires one of these trucks from the Harvester Company is up to the dealer.

I was elected a director of the Iowa Implement Dealers' Association in 1900. I served a year as vice president and two years as president, eight years as secretary, and have served as director and treasurer ever since.

564 There is a National Federation of Retail Implement Dealers' Association. Seventeen State and interstate associations compose this federation. I was elected vice president of the National Federation in 1902 or 1903, served as president, and have served as director for eighteen years. At present I am a member of the advisory board and treasurer of the trade relations committee and have been chairman of that committee since it was formed. The purpose of the committee is to furnish a point of contact for the different associations in the federation.

The last three years are the only years in my business career during which I have not made any money. On the contrary, I have lost money. That condition began to develop in my business the latter part of 1920, the cause being that the goods we sold were high, the goods everyone else sold were high, but what the farmers sold was low. The change in the price of farm products was very sudden and unexpected by the farmers. Between the summer of 1920 and January of 1921 the prices of farm products in general fell about half. In 1921 I did about 35% of an average year's business. Business in 1922 was a little better, but in 1923 a little better than 1922. 1923 would be 50% of an average year for us.

565 The farmers began expressing their opinion about implement prices in the latter part of 1920. We have heard nothing else since. In order to get along without buying implements, they borrowed and repaired. Our repair business grew and we encouraged them to buy repairs to some extent.

There are three Fordson dealers who are active in the implement business; one sells Roderick Lane disc harrows and Oliver and John Deere plows, culti-packers made by Oliver, and Moline Plow Company binders. His implement business was greater in volume than that of his two competitors—another firm and I.

Mr. ELLIOTT. What can you say as to the general importance and position of the tractor as a farm-implement business now?

Mr. MYERS. Petitioner objects to the question on the ground it is incompetent, irrelevant, immaterial, no foundation laid for the question.

About five years ago I realized as a dealer in farm machinery that it was a case of either get into the tractor business or quit. In my judgment it is the most important part of the implement business to-day. Everything seems to center around it. You have got to sell tractors and tractor equipment or quit.

My recollection is that Oliver made the first cut shortly after January 1, 1921. A very material cut in the price of the Fordson followed the Oliver cut.

566 Mr. ELLIOTT. Were you in a position to observe whether the cuts on those implements had any effect on the mind of the farmer and his buying mood with respect to other implements?

Mr. MYERS. Petitioner makes the same objection as last before.

My customers took it for granted that everything else would follow suit. They were disappointed when we could not. It has been the custom to advance prices generally or reduce them generally throughout the entire line. If the price of one article is reduced, the customer expects a reduction on others and holds off buying, waiting for it to come. Hence the situation in our territory in the beginning of 1921, and I might speak of the country generally, because my knowledge existed over the entire country that our association covered.

Mr. ELLIOTT. Go back to this trade relations committee. Did they ever take any means of conveying to the manufacturers of implements the facts as to the condition of the farmer after the slump and the farmer's state of mind with respect to buying implements?

Mr. MYERS. Petitioner makes the same objection as last before.

Our conventions all voiced their disapproval of price advances, and our trade relations committee was in a position to talk with the manufacturers. We did our utmost to keep prices down in the interests of our customers.

Mr. ELLIOTT. Did the action taken by your committee in that respect mean that the implement dealers, through their association, had reached the conviction that prices would have to come down to meet the ideas of the farmers?

567 Mr. MYERS. Petitioner enters the same objection as last before and the additional objection that it calls for hearsay.

Being in direct contact with the farmers, and knowing their sentiment, we could not come to any other conclusion but that prices would have to be reduced before they could resume buying. We brought that to the attention of the manufacturers and planned how that could be done in the early part of 1921.

About five years ago I studied the selling plan of the manufacturers and made a report. One plan is a cash-with-order basis from concerns that used obsolete patterns and were at a minimum expense distribution, and their prices would be the lowest. That is simply the mail-order system. The second would be distributions like the sales method of the Janesville Machine Company—afterwards the Samsen Tractor Company, Moline Plow Company, Oliver Plow Works, and several concerns that I can not recall now, who rendered no service or sales or advertising help. Our conclusion was that the manufacturer who maintained proper distribution service and a stock at branches and carried adequate repair stocks at branches, who lent some advertising help and furnished expert help in case of trouble, and who furnished sales help on the territory, necessarily involving extra expense, was justified in adding that amount; and it was up to the dealer to choose his plan. All three plans are being followed. I believe the dealers at the present time

are buying more of the mail-order manufacturers than they ever have prior to this year.

The International Harvester Company, Deere and Emerson-Brantingham companies would be examples of companies selling on the full service plan.

Mr. ELLIOTT. Is it your opinion as a dealer that limited service sales plans will be sufficiently popular with the dealers of the county to give a fair field for a manufacturer operating on that plan?

Mr. MYERS. Petitioner makes the same objection.

There has been a large volume of business last year and this year on that basis. There is a considerable number of dealers to whom it appeals. It was inaugurated by the Janesville Machine Company six or eight years ago. The plan is on trial, and dealers like it when price seems to be the big object. It is not part of the limited service plan to cease to render adequate repair service. All of these plans included adequate repair service, because they could not sell goods without it.

Mr. LINDABURY. Mr. Elliott, you spoke of it as a limited service plan, but I take it that two of his plans are a limited service; that is, mail order and the order. He has two classes of limited service.

369 Mr. ELLIOTT. That may be true. I was thinking of that as a nonservice, limited service and whole service.

Mr. LINDABURY. Well, if that is so, is the mail-order plan a nonservice?

Mr. ARMKNECHT. The mail-order plan to my knowledge is nonservice, so far as repairs are concerned at their factories, but they are stocking goods at Des Moines, Omaha, and Kansas City to my certain knowledge, and have been for two or three years.

Mr. LINDABURY. When you speak of limited service you do not include the mail order such as you now term nonservice?

Mr. ARMKNECHT. No.

I considered the Osborne, Champion, and Milwaukee lines when I handled them equal to any other machines. After the Harvester Company was formed I had my choice of all the machines it made, and I handled the Milwaukee because I preferred that. They gave very good satisfaction and are in use yet. All of the three lines mentioned could be sold to-day in our community and have just as much prestige as they ever had. The standing of these machines will be determined to some extent by the standing of the factories building them. It would not be the fact that the machines are not equal but the fact that the concerns which are manufacturing them to-day might not have an equal standing with the
570 harvester company which built them before.

I know that Avery & Sons, of Louisville, bought the Champion line and that Emerson-Brantingham, of Rockford, bought the Osborne line. My judgment would be that it would be a great advantage to them to take those lines which had been introduced

rather than to develop a new line. I consider that they were in good standing and had valuable good will with the farmers in 1918. Prior to the time I took up the International there was only one International dealer in my town. He handled only the Deering. There was a McCormick dealer ten miles north, and one twelve miles west. In 1919 the International discontinued business with the other dealer and offered me their line. I had had a nice business with the Acme line during the four years that I handled it. The only impediment with which I met was the fear among my customers that the Acme Company might cease to exist. The Acme Company did cease to exist about four years ago.

I think a good dealer can sell any line of reputable implements he chooses. I know of no business in which competition is as free and as fierce as in farming machinery.

Cross-examination by Mr. MYERS:

The trade relations committee of the National Federation of Implement Dealers' Association furnishes a point of contact. 571 It is delegated to meet with the manufacturers to confer on matters needing adjustment. I was president of the National Federation for two years—1904 and 1905. It holds annual meetings. The constituent associations are the Western, Minnesota, Iowa, Michigan, Ohio, Indiana, Kentucky, Mississippi Valley, Southern Illinois, Northern Illinois, Midwest, South Dakota, North Dakota, and Pan Handle. The manufacturers' association has a committee which meets with the trade relations committee sometimes twice, sometimes once a year, and some years not at all. We discuss certain trade grievances, such as the former practice of the manufacturer of charging for wrapping up repair parts; warranties that the manufacturer should give; how much advertising expense the manufacturer should stand and how much the dealer. We never talk prices. Representatives of the Department of Justice have sat through our conferences and dug through my files for weeks, and we have a clean bill of health. The secretary of the federation wrote the dealers once that we should discourage dealers from buying the excess output of mail-order houses. The federation also discusses how much advertising a dealer should do, whether he should make deliveries, how to reduce overhead, etc. We printed cards urging dealers to keep their costs properly. The activities of the national association are in the interest of reducing the cost of 572 our overhead and getting the goods to our customers at the lowest possible price, to increase our volume, and to promote the business in general, like any other similar organization. Our proceedings are published in full in all trade journals every year. If a dealer is a member of the State organization, he is privileged to attend the meetings of the National Federation.

The body representing the manufacturers with which our committee cooperated up to five or six years ago was the sales managers' department of the National Implement and Vehicle Association. At

that time at our request they appointed a committee so we should be in touch with the heads of the factories rather than the sales managers.

The principal harvester lines in my county are the International Harvester Company's binders and John Deere's. There are a few Moline, and the Emerson-Brantingham mowers are very popular. I would not say that the Harvester Company sells more harvesting implements than all the others put together. John Deere has some very good representatives. They have five dealers in our county. I am very familiar with the types of machines used on farms, and it is my observation that there are more International Harvester machines in use than there are machines of other companies. After the Harvester Company was organized, I took over the Milwaukee line and handled it for six or seven years. I gave up that line for

573 the Acme because I had been accustomed to buying binders outright, and the Harvester Company wanted me to handle them on commission. I absolutely believe that a dealer is the main influence in the sale of his goods. I continued the Acme until they failed about 1918. I then handled the Deering binder and the McCormick mower. The Deering had been my competitor. In 1918, when I took up the Harvester Company's machines again, it is my understanding that the Harvester Company had been asked to discontinue the Milwaukee line and they did not encourage my buying it. I asked for it and sold a few after I took on the Deering and McCormick. I got Milwaukee machines when I needed them. The Milwaukee I used to sell was #10. I understand that they were making a new machine, the #12, which was improved but had not been introduced in my territory.

I believe the dealer at West Point, Mr. L. H. Link, sold some Milwaukee machines last year. I sold the last Champion machine in our county in 1906 or 1907. No Osborne machines have been sold there since the Harvester Company acquired that line. The Moline machines are handled in our county at Donnellson and West Point. A representative of the Moline said that they expected to quit the manufacture of harvesters. My understanding is that the McCormick-Deering binder is the standardized machine, having the good qualities of both.

574 I understand that Iowa uses more farm machinery than any other State in the Union. In the better part of Iowa the usual plan of rotation would mean that on a 160-acre farm about 120-acres would be under cultivation, not over half of it in corn.

I think \$2.00 a bushel was the highest corn ever brought. Wheat in our community is now slightly over a dollar and corn about 60¢.

I have sold automobiles, the Chevrolet in 1920 and 1921; prior to that, the Ford for five years. There is a large volume of automobile business, but I would not say that the profits for the dealer are better than in the implement business. I think the four years prior to 1920 were the most profitable years we ever had in the implement business. We did not sell more machines in 1920 than in the previous year.

High prices stopped the farmer from buying. The best year we ever had was in 1888. I sold 28 Osborne binders that year. We have sold 20-odd machines since then, but I think since 1900 we have never sold more than 12 or 15 harvesters and binders. In the past six years I do not think we have exceeded eight in any one season. We only sold two binders in 1923, four in 1922, and five or six in 1921. Binders are a small fraction of our business.

575 Farmers make them last longer than they used to. They cut more corn and less grain.

The Harvester Company maintains retail stores at Waverley, Burlington, and Mount Pleasant. The dealers did not take kindly to the Harvester Company operating its own retail stores. I think Mr. Legge made a statement once that the dealers would have to put themselves in the position where they could render the service the farmers demanded or some other system would take their place.

I was at Kansas City at the convention when the telegram came that Oliver had reduced prices in 1921. My recollection is that I was handling John Deere and McCormick at the time, and that the announcement of reduction in prices of harvesting machines came from both at about the same time.

It has only been in very recent years that prices have ever been changed during the season. There are not as many manufacturers of tillage implements in the United States as there used to be, but there is still a large number. I believe the number is in excess of forty. In harvesting machines there are the Harvester Company, Deere Company, Emerson-Brantingham Company, B. F. Avery Sons, Massey-Harris Company, the Moline Company, and the Thomas people. If we included rakes, we would have a very long list. There is a new company in Canada that is going to make binders. There are a lot of manufacturers making side rakes,

576 but do not make mowers or binders. There are undoubtedly a great many more manufacturers of tillage implements than there are of harvesting machines. I would not say that competition is more fierce on tillage implements than on harvester machines. Our profit is in tillage, not harvester machines.

Redirect examination by Mr. ELLIOTT:

Unquestionably there has been a shrinkage of the per capita wealth in Iowa since 1920. Farm values, which are the principal values going into this per capita wealth, have shrunk tremendously.

Automobile prices in 1920 stimulated automobile buying, together with the improvements in the cars.

Farmers will not buy implements at present prices until necessity drives them to it.

577 E. E. VOORHEES, being duly sworn, deposes as follows (Feb. 16, 1924):

Direct examination by Mr. REMY:

I am an implement dealer at Blandinsville, Illinois. I have been in the implement business 33 years. I was president in 1923 and

director for four years before that of the Illinois Implement Dealers' Association, whose members are dealers from northern Illinois—the most fertile part of the State. The line extends just below Springfield.

From my experience I am generally acquainted with dealers in Illinois and competitive conditions. The harvesting machines most generally sold are the Moline, International, Emerson, including both the Osborne and their own "Emerson," Deere, and Massey-Harris lines. I am personally acquainted with all of them except the Massey-Harris. According to my observation and experience there is plenty of competition through northern Illinois in the sale of harvesting machines and a field for the sale of the lines I mentioned in competition with the harvesting line of the Harvester Company. I know of no obstruction to competition in the sale of harvesting machines in the portion of Illinois with which I am familiar.

I know of no reason why a capable dealer can not handle the Emerson-Brantingham or the Deere or any other well-made line of harvesting machinery and sell it successfully in competition with a dealer handling the Harvester Company's line. I think he can. It is being done anyhow.

The Deere tillage line is the most popular in Illinois. A tillage line is a more important nucleus for an implement dealer's business than the harvester line. In number of machines the tillage line has grown in recent years.

578 The side-delivery rakes have largely replaced in Illinois the self-dump rakes.

Tractors have been sold in large numbers in this State for the last 7 or 8 years. The Fordson tractor, sold through dealers who sell the Ford car, is the most popular tractor. Most of these dealers sell in connection with the Fordson tractors plows and disc harrows; some have a full line of agricultural implements.

Cross-examination by Mr. MYERS:

I handle the harvesting machines of the Harvester Company.

579 E. I. POLSON, being duly sworn, testified as follows (Feb. 15, 1924):

Direct examination by Mr. MULLEN:

I live at Terre Haute, Indiana, Vigo County, in the west-central part of the State. I have been engaged in the implement business for over sixteen years. In that part of Indiana wheat, oats, corn, hogs, and cattle are raised. In 1922 I was president of the Indiana Implement Dealers' Association, having a membership of about 200 implement dealers, who met annually at Indianapolis.

I have handled the John Deere tillage line since I commenced business and their binders and mowers since 1918. Prior to that I sold the McCormick. I could have continued the International if I had wanted to, but I preferred the Deere. I had sold the Deere

tillage line for a good many years. I consider the tillage line more important than the harvester line in the implement business, and I think the Deere tillage line is the most popular in my part of the country.

In 1921 price reductions were made on farm machinery. I think the Oliver made the first on plows, and other cuts were made by different manufacturers, and they reduced the price on the Deere line. Farm products had depreciated, I think, half or more. The farmers had no buying power, and the falling off in the prices of things the farmers had to buy was not as much as the falling off in prices of the things they sold. The cut the Oliver made in plows would naturally result in a cutting of the price in all lines of agricultural implements because the same materials were used in all of them. Since I changed from the International line to the Deere I have sold binders and mowers to people who formerly used the International. I
580 have kept my customers. I had no trouble in obtaining binders, mowers, and rakes to supply my trade and have been able to give service to my customers.

In my town Pentecost & Craft were selling the International. The Massey-Harris line was sold by Reis. A mile west the Molines were sold. I think in selling harvesting machines we get our share of the trade. There is no difference between the competition in the harvesting machine line and that in tillage lines.

In the implement dealers' conventions I became acquainted with all of the different dealers who had been discontinued as Harvester Company dealers. Throughout the State of Indiana you will find in almost every town dealers selling the Deere line of harvester. The Massey-Harris and Moline are not sold so generally as the Deere. In Indiana the tillage line is increasing in importance as compared with the harvester line.

After the slump of 1920 the sale of implements fell off because farmers repaired their old ones and helped each other. This was true all over the State. Since 1920 there has been a field to sell successfully a harvester line in competition with the International Harvester Company. There is a future field to do that. I was able to furnish machines to anyone who desired to purchase.

Cross-examination by Mr. MYERS:

I recall Walter A. Wood machines. I do not know whether any were sold in Terre Haute since I went into the business in the last sixteen years. I know that company has gone out of business. I do not know of any Acme machines being sold in Terre Haute for ten years, nor do I recollect any implements of the Independent Harvesting Machine Company, nor the Plattner Implement Company, or the Eureka Mower Company, or of Sieberling & Miller
581 Company, or the Bateman Company, or of Richardson Company ever being sold there. 1918 and 1919 were good years in the implement business. I took on the Deere line in 1919.

582 R. G. NUSS, being duly sworn, testified as follows (Feb. 13, 1924):

Direct examination by Mr. REMY:

I live in Madison, Wisconsin, and have owned an implement company there for ten years. Previous to that I had an interest in another company. I am secretary of the Wisconsin Implement Dealers' Association, and have been for six years. My work has brought me into contact with implement dealers from all parts of the State. I handle the Samson line of goods manufactured by the Madison Plow Company and the Avery, Osborne and, Minnesota harvesting lines. In connection with the implement business, we do a storage and transfer business, that is, various manufacturers ship their goods to us in carload lots and give us a fee for transferring them to other points in the State by local freight. The transfer house takes the place of a branch house. I transferred goods to B. F. Avery & Sons, Emerson-Brantingham, Sandwich Manufacturing Company, Maytag Company, New Idea Spreader Company, and Ross Company.

There are 22 or 23 dealers in Dane County. The leading tractor is the Fordson. There are a great many tractors sold—Avery, International, Rumely, Allis-Chalmers and J. I. Case. The 22 dealers who are mentioned are exclusive of the Ford dealers who handle the Fordson tractor. About half of the 22 dealers handle the harvester line of the International Harvester Company. I think all of them handle some harvester line. We have handled the Minnesota State Prison harvester line one year. That is a new machine in our territory, and I have met with fair success in its introduction. I see no reason why an experienced implement dealer can not sell the harvesting goods of other companies in competition with a

583 dealer handling International Harvester Company's harvesting machines. We have done it and other dealers are doing

it. The field is absolutely open for selling harvesting machines of other companies in competition with harvesting machines of the International Company. I am acquainted with the Champion machines made by Avery & Company, and I think they are as good as any. In years gone by the Milwaukee harvesting machines were largely sold in Wisconsin, and were one of the most popular lines. I am acquainted with the Milwaukee, and it is a good line.

Mr. REMY. Do you see any reason why they could not be sold in States other than the State of Wisconsin?

Mr. MYERS. Petitioner objects to the question for the reason it is manifestly not within the witness' knowledge.

The only reason I can see why it could not be sold successfully is that most dealers do not know who would be manufacturing that machine a few years from now. The dealers do know that the Harvester Company was ordered by the decree of 1918 to sell that line.

Mr. REMY. Is it your opinion that the fact that the International Harvester Company has been ordered to sell those machines would make a dealer handling them naturally think he would not be willing to handle them?

Mr. MYERS. That question is objected to.

I think the reason dealers have been unwilling to handle them is that they did not know who would be handling them in the future.

In my part of the country a very diversified crop is raised—corn, grain, potatoes.

The Fordson dealers sell power implements in our territory in connection with the Fordson tractor—that is, power plows
584 and disc harrows; no horse-drawn implements. They sell the Oliver implements mostly.

Agricultural implements are marketed to dealers on different plans. Some companies call theirs the nonservice plan, by which you buy the goods outright and pay cash. In reality there are three plans. There is the commission plan, by which you pay for what you sell, carry what is left on hand; and another plan is to carry part of the machines from one season to another. One plan would appeal to one dealer, another plan to another.

Mr. REMY. What is the fact as to whether or not Wisconsin suffered from a depreciation in the prices of farm products in 1921?

Mr. MYERS. Petitioner refers to the general objection already entered herein as to this character of testimony.

Wisconsin suffered from a depreciation in the prices of farm products which very materially reduced the implement dealer's output. In 1921 the Oliver Company made the first reduction in the price of agricultural implements. In my opinion, in the face of the Oliver cut it would not have been possible for other implement companies to maintain their prices. They could not have obtained the volume of business. Competition is keen in the sale of agricultural implements in all lines. I do not think there is any business in our State where there is more competition than in agricultural implements, and this competition extends pretty much all over the State.

Cross-examination by Mr. MYERS:

We took on the Champion line in 1918 and the Osborne line in 1919.

Prior to that we handled the Acme harvester line. I under-
585 stand that they went out of business. We handled the Champion grain binder, Osborne corn binder, and Minnesota grain binder. In 1919 we sold about twenty grain binders and the same number of corn binders. All our grain binders were purchased from Avery, and the Osborne from Emerson-Brantingham Company. In 1920 we did not sell over ten grain binders and fifteen corn binders, in 1921 not over five grain binders and ten corn binders, and about the same number in 1922. In 1923 we sold eleven grain binders and eighteen corn binders.

The nature of our business is somewhat different from that of the average dealer because we carry a good many of these goods in transfer and what is on hand is carried. I think we carried over quite a number of machines from 1920 to 1921.

In our immediate territory I do not think there have been any Milwaukee harvesting machines for four or five or six years. I have heard dealers express their reasons for refusing to handle the Milwaukee line in the way I stated in my direct examination.

I would say in our territory that the McCormick and Deering machines are better known to the trade than any other line. I think the Champion and Osborne machines have been sold there for a great many years. When the Harvester Company owned the Osborne, it was not sold right in Madison, but it was in the surrounding towns. The Case Plow Works and the Moline Plow Company and the Minnesota State Prison sell under the nonservice plan. Other harvesting machine companies besides the International maintain branch houses. We call that a service plan.

Some of the companies have submitted to us contracts whereby you could buy the goods outright and pay for them, wait 586 and sell them or not, no carry-over, which gave them a little better price than when they put them out on the consignment basis. The Emerson has done that on their Osborne line; Avery did the same thing. The International has a branch house at Madison. The International machines are not sold at retail in Madison, but pretty close in surrounding towns.

Redirect examination by Mr. REMY:

The Janesville Machine Company, J. I. Case Company, Moline Plow Company, and the Sandwich Manufacturing Company sold goods on the nonservice plan. Montgomery Ward & Company and Sears-Roebuck & Company and the Monmouth Plow Company are mail-order houses which sell agricultural implements in Wisconsin.

Recross examination by Mr. MYERS:

Our association has discussed the volume of business done by mail-order houses and measures for meeting such competition.

587 W. J. REYNOLDS, being duly sworn, testified as follows (Feb. 20, 1924):

Direct examination by Mr. REMY:

I reside at West Hope, North Dakota. I was president of the North Dakota Implement Dealers' Association in 1919, and am an implement dealer in West Hope, which is six miles from the Canadian border and about equally distant from the east and west boundaries of the State. Our principal crops are wheat, oats, flax, and small grains. The principal agricultural implements sold are grain binders and tillage implements. The sales of mowers and rakes are very small.

I handle the McCormick and Deering lines of the International. The Farmers' Implement Company, another dealer, handles the Osborne and the Massey-Harris. At Antler, west of us, at Maxham and Landa, the International and Deere harvesting machines are

sold. At Newburg the Minnesota State Prison line is sold, and at Russell, three miles from there, the International line.

The John Deere is the most popular tillage line and the Emerson is next. In our wheat country plows, drills, and discs constitute the entire tillage line, although we are gradually working into corn tools.

There is quite strong competition in the sale of harvesting machines in that country. I found more competition last year than for the last eight or ten years. I do not know of any reason why a capable dealer can not take any well-made line of harvesting machines and sell them successfully in competition with a dealer handling the Harvester Company's line.

I was president of the North Dakota Implement Dealers' Association in 1919 and was a director two years thereafter. It has between 400 and 500 members and holds annual meetings at Fargo. From my duties in that association I obtained a general knowledge as to the agricultural-implement business throughout the State. I find there is competition in the sale of harvesting machinery throughout the State.

Mr. REMY. Have you, from your observation and from your association with these implement dealers, formed an opinion as to the effect on competition by the decree of 1918 in this case, limiting the International Harvester Company to one dealer in a town?

Mr. MYERS. Petitioner objects to the question on the ground it is incompetent, irrelevant, and immaterial, hearsay, and no proper foundation laid for the question.

I think we have more competition than we had before.

The Fordson, Wallace, Gray, and Waterloo Boy tractors are sold. Fordsons are sold through the Ford automobile dealers, who sell no other implements but plows in my territory.

I have been in the implement business for 22 years. For the last 7 or 8 years it has been on an absolutely replacement basis, and this has greatly reduced the sale of binders. For example, in 1905 I sold 115 Deering binders, last year I sold 6, and this year 5.

The harvesting machines sold in North Dakota, so far as I have heard, are the International, John Deere, Emerson, Moline, and Massey-Harris.

Mr. REMY. In these towns which machines are most usually represented?

Mr. MYERS. Petitioner objects to the witness's opinion of questions of that kind, particularly in view of the fact that we have already in evidence the defendants' statements of the number of dealers each manufacturer has in the United States, apportioned sometimes by States and sometimes by branch house territories.

The Deere and International harvesting machines are on sale in almost every town.

Cross-examination by Mr. MYERS:

I think that my territory is representative of the situation throughout North Dakota. The John Deere binder is not represented in my town at present. It is not represented in Newburg, but it is in Russell. The Deere harvesting machines have been sold in North Dakota since 1908, I think. The Moline binder has only been sold in the western part of the State four or five years. The Massey-Harris has been sold ten or twelve years. The Acme was sold formerly, and the Wood was never sold there. Some Independent Harvester Company machines have been sold in the next town to the east two years ago and they are still on sale. The Osborne was not handled in our town until Emerson Brantingham took it over from the International. Champions have not been sold there for about eleven or twelve years. Milwaukee machines have been sold in the past, but are not being sold now.

The year 1905 was the best year I have ever had; 1919 was a very poor year; 1920 was the best year for the last ten or twelve years. Business has been decreasing since. Competition has increased and crops have failed. Competition is keener when times are hard and sales are slow, although I had plenty of competition at all times.

Redirect examination by Mr. REMY:

I do not remember the exact year, but the Deere binder was sold in North Dakota prior to 1917.

590 WALTER CHATTEN, being duly sworn, testified as follows (Feb. 18, 1924):

Direct examination by Mr. ELLIOTT:

I am an implement dealer at Quincy, Illinois, where I have been in that business since July, 1919. I took over a business seventeen years old. I handled the McCormick and Deering harvesting machines, Hammer and P. & O. plows and tillage tools.

In Quincy, Keller & Son, a firm 25 years old, have always handled Massey-Harris harvester lines. The Collins Plow Company handles the John Deere; E. C. Shipe, who entered the business in 1919 or 1920, handles the Champion. I think the business of Keller & Company in the Massey-Harris line about equals ours in the International. There are many Massey-Harris binders, mowers, and rakes in use in our part of the country. It is a well-known machine and gives satisfaction. There are more Massey-Harris than Deere harvesting machines sold there. Mr. Shipe has done business in the Champion line. There is active competition in the implement business in our locality. Our competition is no different in harvesting machinery than in any other line of implements. A capable retail dealer handling a good harvester line in connection with other lines of implements can sell his harvester line in competition with the International. The standing and good will of the McCormick and Deering lines alone is not sufficient to sell goods in the face of competition. The most important element on which the sales of

a number of machines of different lines would depend in any community is the activity of the dealer. My part of the country felt the slump in the value of farm products at the end of 1920.

591 Mr. MYERS. Petitioner refers to the general objection heretofore entered as to testimony of this character.

That is reflected in the decreased implement business and affected all implement concerns.

(No cross-examination.)

592 L. L. JENNER, being duly sworn, testified as follows (Feb. 18, 1924):

Direct examination by Mr. REMY:

I am an implement dealer at Marengo, Indiana, which is in the southern part of the State, toward the western line. I handle implements and the Ford car and tractor. I commenced selling the Ford tractor in 1917, when it cost \$1,000; next year it cost about \$700; in 1920 about \$500; and in 1922 \$395. It is the most popular tractor in our community.

I sell tillage tools, plows, and pulverizers in connection with the Ford tractor. I sold a plow with them when I started selling the tractor, and in 1919 or 1920 I commenced selling other agricultural implements. I commenced handling Champion harvesting machinery in the fall of 1919, and, considering farm conditions, have met with good success with it. It is well known and popular in our vicinity. The Champion binder is the leading binder in our vicinity.

The Deering, McCormick, and some Milwaukeees are sold. The Deere harvesting machines and the Massey-Harris harvesting machines are also sold. In our county other dealers sell Champion machines. I know no reason why an implement dealer can not sell the Champion line and compete successfully with a dealer handling the Harvester Company lines. I have done it. Competition exists in the sale of the harvesting machines I have mentioned throughout the territory in which I do business. I have observed no obstruction to free competition in the sale of those harvesting machines.

593 I handle Deere, Oliver, and Avery tillage tools. The tillage line is more important to any implement dealer's business than the harvester line. That is the first thing a man has to have with which to farm; he has got to have them to start, and it leads up to other stuff later.

The tractor is an important machine for an implement dealer's business; you sell a farmer a tractor, and he wants a plow, and then a disk harrow, and a pulverizer, and spike-tooth harrow, which leads to a complete line of tillage implements.

It is generally true that from 1920 on there were more Champion machines sold in our county than any other. They gave good satisfaction.

I have sold about 40 Fordson tractors since I have been handling them.

Cross-examination by Mr. MYERS:

Marengo is 39 miles from Louisville. In 1920 I sold two Champion binders and six Champion mowers.

Mr. MYERS. Did the representative of B. F. Avery & Sons inform you that those machines were manufactured by the International Harvester Company?

Mr. REMY. Defendants object to that as immaterial.

The Avery representative said the Champion belonged to B. F. Avery & Sons, and I had sold Avery stuff for quite a while before that. He did not say the Champion line was then being made by the Harvester Company.

In 1920 I sold 4 Champion rakes. In 1921 I sold 594 1 binder, 3 or 4 mowers, and 2 or 3 rakes; in 1922, 4 binders, 10 mowers, and 6 rakes; in 1923, 1 binder, 6 mowers, and 4 or 5 rakes. I had no carry-over of any of these implements from 1920.

Redirect examination by Mr. REMY:

My sales of harvesting machines have been a little better than those of any other dealer there. It is a pretty poor country.

595 A. J. KLEINJAN, being duly sworn, testified as follows (Feb. 13, 1924):

Direct examination by Mr. MULLEN:

I live in Durant, Cedar County, Iowa, in the eastern part of the State, where corn is the principal crop. I have been engaged in the implement business for eight years. I am selling the Massey-Harris harvester machines, corn binders, and spreaders; Janesville plows and cultivators. I have been selling the Massey-Harris line for four years. Prior to that time I sold the Deering machines. I was one of the dealers changed by reason of the decree of the court. I had a competitor selling the McCormick line. Since the change he has handled both the Deering and McCormick.

Two and one-half miles east is a town where they used to sell Independents and now sell Internationals. Five miles north they sell John Deere machines. Six miles west they sell Deeres and Internationals.

In 1920 the Samson was the leading tractor. Since that time the Fordson tractor has led. Farm machinery, Oliver and John Deere plows and disc harrows, are being sold with those tractors, and this business is growing.

Mr. MULLEN. You remember the falling off in the value of things in 1920; how much of a percentage was it?

Mr. MYERS. Petitioner refers to the general objection heretofore entered as to this character of testimony.

In 1920 prices of farm products fell off more than half. In 1921 there was some decline in implement prices. Oliver made the first cut in January or February and was followed by all the people engaged in the implement business covering all lines of farm equip-

ment. I made cuts in the price of the Massey-Harris harvester line. These cuts were necessary because farmers' prices were so low that they felt they could not afford to pay the prices. Massey-Harris reduced the prices of its harvester machinery in April, 1921, ten per cent.

The first year after we changed from the International we sold very few less machines than formerly. Since then we have sold more binders and mowers than we did for the International. In 1919, the last year I sold the Deering machine, I sold twelve Deering binders. In 1920 I sold ten Massey-Harris. I do not remember the number of mowers or rakes, but I think the sales were in the same proportion. My sales of binders in 1920 were just about the same as those of my competitor. Since 1920 I have sold more binders and mowers than he did.

When I changed from the International to the Massey-Harris line I had some International repairs, which I have been selling to customers who formerly bought International machines, in order to keep my customers coming in, and I have succeeded in holding them. I sell Massey-Harris machinery, binders, and mowers to customers who formerly bought the International.

I have been able to get enough binders and mowers from the Massey-Harris Company to supply my trade, and they have given satisfaction, and I have been able to give proper service. I have been competing with the International and they have done nothing to interfere with me as a competing dealer.

A cut such as the Oliver cut would require a cut on all lines of implements, because farmers think all lines are made at relatively the same costs and expect if one thing is cut the other ought to be, too.

597

Cross-examination by Mr. MYERS:

The Stockton Harvester Company, of Stockton, formerly sold the independent and now sell International machines. At Wilton Junction the same dealer handles both Deere and International harvesting machines. In all that territory the Deering and McCormick used to be the leading binders, but now the Massey-Harris is. In the last three years there have been more Massey-Harris harvesting machines than International sold in our territory. At Dixon, Iowa, the Massey-Harris machines lead.

Mr. MYERS. When I tell you that the evidence in this case shows that in 1923 the International Harvester Company sold 30,161 grain binders, the Massey-Harris 1,944, you would conclude that your territory is rather exceptional, wouldn't you?

Mr. MULLEN: I submit that is argument, and defendants object to that system of examining this witness.

Redirect examination by Mr. MULLEN.

Our volume of business in implements in 1920 was around \$60,000; in 1921 around \$17,000.

598 **CHARLES MCCARTHY**, being duly sworn, testified as follows (Feb. 18, 1924):

Direct examination by **Mr. ELLIOTT**:

I am an implement dealer at Emporia, Kansas. I have been in the implement business 40 years; at Emporia, 14 years. I handled the McCormick line in 1918, but was discontinued on account of the decree limiting the Harvester Company to one dealer in a town. Since 1918 I have sold the Osborne and Champion line of harvesting machines.

In 1918 I sold 42 binders, 14 mowers, 1 rake, and 5 corn binders. In 1919 I sold 60 binders, 20 mowers, 6 rakes, and 5 corn binders. In 1920 I sold 20 binders, 6 mowers, 6 rakes, and 4 corn binders. In 1921 I sold 20 binders, 10 mowers, 5 rakes, and 4 corn binders. In 1922 I sold 10 binders, 6 mowers, 4 rakes, and 3 corn binders. In 1923 I sold 3 binders, 6 mowers, 2 rakes, and 4 corn binders.

In round numbers my implement business was \$50,000 in 1918; \$60,000 in 1919, \$40,000 in 1920, \$20,000 in 1921, \$20,000 in 1922, and \$15,000 in 1923.

For five years prior to 1918 I averaged 14 or 15 McCormick binders a year. Probably one-third of the binders I sold in 1919 were carried-over McCormick binders; the remaining 40 were all Osbornes. In 1920 we took on the Champion. Since then our sales have been divided between the Champion and Emerson lines of harvesting machines.

In 1919 our farmers raised lots of wheat and since have 509 diversified, and there was a partial crop failure in 1920.

There has not been much improvement in the condition of the farmers since—they are quitting raising wheat at a loss.

Mr. MYERS, Petitioner refers to the general objection heretofore entered to this character of testimony.

Two other concerns in Emporia sell harvesting machines. The Haynes Company sells the Harvester Company line—both the Deering and McCormick and the Farmers Supply Company sells the Deere line.

I have been able to sell Osborne and Champion machines to old customers of mine and have held my local trade and good will. Neither the Osborne nor Champion had been sold in Emporia in recent years before I began selling them. I think, considering the crop conditions and the financial condition of the farmer, I have had reasonable success in selling them. I know of no reason why a capable dealer can not market those lines in competition with a dealer selling McCormick, Deering, or Deere machines. I do not think there is any good reason. The Champion and Osborne are well and favorably known to the trade and to farmers in our locality. They are designed so as to give satisfaction to my trade, and the Emerson-Brantingham Co. and B. F. Avery & Sons have given me as dealer satisfactory services on these lines.

Cross-examination by Mr. MYERS:

Of the sixty binders sold in 1919 one-third were McCormick and two-thirds were Osborne. We had some Osborne mowers the first year; we sold half McCormick that year. In 1919 our corn binders were mostly Osborne. In 1920, I think we carried over some Osborne binders, also mowers and rakes, probably two or three mowers, and the same number of rakes. In 1921 there was a carry-over on each. In 1922 the binders were probably half Osbornes and half Champions; the mowers were practically all standard, and the same is true of the rakes. I do not think we carried over any corn binders.

I knew or supposed that the International Harvester Company manufactured the harvesting implements of the Osborne line sold by Emerson-Brantingham during 1919-1920. I did not know about the Champion line.

601 JAMES B. FRENCH, being duly sworn, testified as follows (Feb. 12, 1924):

Direct examination by Mr. ELLIOTT:

I live in Flushing, Michigan, where I have been in the implement business since 1893. During the last three years in our town F. W. Smith has handled the John Deere and the Ohio Rake Company's lines; M. Freeman & Son handled the Rock Island Plow Company, the Rumely, and Avery lines. In the last five years I have handled the International line of harvesting machinery, the Deere hay loader, Rude spreaders, John Deere plows, Oliver plows and culti-packers, and American Seeding Machine Company drills. There are eight towns having 13 dealers with whom we compete. The Deere harvester line is handled in our town and Lennon and Owosso. The Moline harvester line is handled in Lennon, and their binders have been handled in Flushing by Smith. The Massey-Harris line of harvesting machines was handled in Clio; the Osborne line at Lennon. There is active competition in the sale of harvesting machines. The Fordson tractor is sold in Flushing by the Ford automobile dealer and in connection with the Fordson he sells disc harrows, spring-tooth harrows and manure spreaders, drills, and Olivers plows.

Mr. ELLIOTT. Has the implement business in your vicinity been as good in the last three years as previously?

Mr. MYERS. The usual reference to the general objection.

Beginning in the fall of 1920 there was a substantial falling off in the prices of farm products, which affected the farmers' purchases of implements. They objected to buying anything they could avoid buying, repaired old machinery, and kept out of the market for new. In 1921 Oliver was among the first to cut prices, and during the spring of 1921 cuts by other companies followed.

602 Farmers and dealers looked for still further cuts in other lines, and the farmers were determined that they would not buy anything as long as prices were so high.

Cross-examination by Mr. MYERS:

In 1902 the Osborne, McCormick, Deering, Champion, Milwaukee, and Buckeye machines were sold in my territory. The Acme machines were never sold there nor the Independent, but the Wood machines were.

To-day in Flushing the harvesting machines of the Moline Plow, International, Deere, and Avery companies are sold. I read that the Moline had discontinued making harvesting machines, but I know there is a man in Flushing who just unloaded some Moline machines which will be sold there this summer.

Neither the Osborne nor Milwaukee harvester lines are sold in Flushing. I sold Milwaukee corn binders there three years ago. At Flint the International and perhaps the Osborne harvesting machines were sold. At Mount Morris there is one dealer. At Clio there are two, one handling the Avery and the other the International. At New Lothrop one dealer handles the Deering. At Lennon there is one dealer who handles the Moline and McCormick. At Owasso there are three dealers handling the Massey-Harris, the International Harvester, and Avery. At Swartz Creek there are two dealers, one handling the International.

Redirect examination by Mr. ELLIOTT:

There are a great many in my territory who are using Osborne and Champion machines bought in previous years. I know of no reason why a capable dealer in my territory could not handle the Osborne and Champion harvesting lines and compete with reasonable success. Those lines are in good standing with all farmers.

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Recross-examination by Mr. MYERS:

We do not carry a stock of repair parts for Osborne or Champion machines. We send and get them for people.

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G. P. JESSELYN, being duly sworn, testified as follows (Mar. 28, 1924):

Direct examination by Mr. REMY:

I have been in the implement business at Rochester, in southeastern Minnesota, for thirty years. Farming around there is diversified. It has gone more recently to corn than small grain.

I have handled the harvesting machines of the International—1919 was my last year. I was discontinued because of the decree in this case.

In 1919 we handled the Deering, another dealer handled the McCormick, and another the Deere harvesting machines. Now we handle the Moline and Minnesota harvesting machines, the same dealer still handles the Deere harvesting machines who sold them in 1919, the dealer who sold the McCormick in 1919 now sells the International harvester line.

Since 1920 we have met with very good success in selling our harvesting machines, except that the crops have been light and there has been a decrease in the quantity of business with all of us. Our sales have compared favorably with those of the dealer handling the International line of harvesting machines.

Based on my experience, I think any capable dealer can sell any well-made line of harvesting machines successfully in competition with the International Harvester Company.

Mr. MYERS. Petitioner would like to note a reference to the standing objection to testimony of this character.

I could sell the Milwaukee line of harvesting machines successfully in competition with a dealer handling the International harvester line.

Mr. MYERS. The same objection and the additional one that the witness did not testify to any experience in connection with 605 the Milwaukee line of harvester machines.

We handled and sold the Milwaukee corn binder some years ago and found it a good binder. With the introduction of corn the corn binder is becoming much more important in our community than the grain binder. We do not meet competition from surrounding towns to any great extent. The Moline, Deere, and International tillage tools are sold in our community. The Moline and Deere are the most popular and outsell the International.

There is the same active competition in the sale of harvesting machines in our community as there is on other lines. There is a field there for selling harvesting machines in competition with dealers handling the International line. More side-delivery than sulky rakes are sold in my territory.

Cross-examination by Mr. MYERS:

Prior to 1919 we handled Moline and International tillage tools—Moline mostly. Our competitor who sold the McCormick sold International tillage tools and some others; he sold a larger variety of International implements than we did.

We have ordered tillage implements from the Moline Company for the coming season, but not harvesting machines—they were mentioned, but no specific orders were given. We usually order them along in March and April.

When I said I was holding my own with the International dealer in the sale of harvesting machines, I referred from 1919 to the present time. I got Moline machines cheaper last year and was enabled to sell them for less than International machines on account of buying them on a cash basis.

I had no knowledge during the selling season last year that they contemplated discontinuing Moline harvesting machines. I have 606 since understood so.

The Milwaukee corn binders have not been sold by us since 1911; our competitor took them on and sold them two or three years following that. I don't remember when the last Milwaukee grain binders were sold there.

Redirect examination by Mr. REMY:

The Deere harvester line, which is popular there, was first sold about 1911 or 1912. The Moline harvester line was not sold there till 1920.

A capable implement dealer can introduce a new line of machines successfully.

Mr. MYERS. Petitioner objects to that on the ground heretofore stated.

607 W. W. WISDOM, being duly sworn, testified as follows (Feb. 14, 1924):

Direct examination by Mr. MULLEN:

I live in Lincoln, Benton County, Missouri, near the central part of the State. We raise corn, oats, wheat, hay, hogs, cattle, and mules. My business is general merchandise, farm implements, banking, farming, and livestock dealer. I have been in the implement business thirty-five years, and I am particularly interested in the Peoples' Bank of Lincoln, although I have an interest in five other banks. I own two farms, one 600 acres and the other 400 acres. I am well acquainted with agricultural and business conditions in three counties.

I sell the International and the Pattee implements. In our town another dealer sells the full Deere and the Case and Oliver lines. At Warsaw and Cole Camp, both twelve miles away, one dealer handles the International and another the Deere. At Sedalia, thirty miles away, the Deere, International, and Moline lines are handled. At Windsor, twenty miles north, Deere and Massey-Harris lines are handled.

In 1921 manufacturers cut their prices. The Oliver Company made the first cut. The reductions in implement prices were not nearly so great as the decreases in the prices of farm products. The reductions in implement prices were necessary and should have been greater. Without cuts we could not have sold our machines. I think after the Oliver cut reductions in the entire lines of agricultural implements inevitably followed, because plows are made of the same material as the other stuff, and if it costs less to make a plow it costs less to make a binder.

Farmers with the reduced prices were unable to pay taxes and interest and make a living. They owed for machinery bought in 1919. In 1918 and 1919 the farmers could get all the credit 608 they wanted. They were in debt when the slump arrived and were unable to pay such debt. They can not get credit now without ample security. In the last three years, anyway, twenty-five per cent of our farmers have sold out and gone to the city.

Mr. MYERS. Petitioner refers to the general objection heretofore entered to this character of testimony.

I keep accurate books and I have been unable to make any money on my farms since 1920, and that is the rule in the counties with which I am familiar.

Where I live there is no difference between the competition in harvester lines and other lines excepting that they push tractors a little bit harder than harvester machines. Since 1919 the tillage line has been more important than a harvester.

(No cross-examination.)

69 A. J. STORMS, being duly sworn, testified as follows (Feb. 12, 1924):

Direct examination by Mr. MULLEN:

I live in Auburn, Nemaha County, Nebraska, in the southeastern part of the State. It is a good productive country, mostly corn country. I have been in the implement business there since March 15, 1915. Before that I traveled for the Parlin & Orendorff Plow Company. When I started in Auburn I had the John Deere and Parlin & Orendorff lines and Deering binders. I was one of the dealers discontinued because of the decree, and changed from the International Harvester lines at the end of 1919. Since then I have been selling John Deere binders.

When I was selling International goods Nelson & Nordlan were selling the McCormick machines. Since then they have taken over all of the International lines and I have been competing with them. In 1919 I sold twenty binders, six mowers, and five rakes. In 1920 I sold thirteen Deere binders, nine mowers, and seven rakes. In 1919 two or three of the binders were Deering, one was an Acme. In 1920 all of the binders were Deere.

I have sold the Deere binders to people who formerly used International machinery. I do not remember losing over one or two sales because of not having the Deering binder. The Deere binder is well liked, and I get my share of the trade.

Mr. MULLEN. Did the falling off of farm products affect the buying power of your farmers?

Mr. MYERS. Petitioner refers to the general objection heretofore entered as to this character of testimony.

There was a drop in the prices of farm products of from fifty to sixty per cent in 1920, which left the farmers without buying power. Reductions in the price of implements were made.

610 Oliver made the first, and the rest of the manufacturers followed. These reductions were absolutely necessary. When the prices came down, it helped the farmers to buy, and we sold some of the stuff we had not been able to sell before. The reductions in the prices of farm products were practically double the reductions in the prices of implements.

Since I started to sell the Deere I have furnished a few repairs to customers who had purchased International machines from me. I have succeeded in keeping their trade.

In 1921 a man with eighty acres of wheat could not sell his crop for enough to buy a binder. He dug up old machines out of the fence corner. Farmers in my store would offer to loan machines to each other. Repair sales in 1921 were all that kept us out of the

poorhouse. A man I know fixed up an old Wood machine and cut his wheat with it, and the Wood had not been sold in our country for twenty years. Other houses naturally had to follow the Oliver cut. The main and most desirable part of the implement business is the tillage line—plows, harrows, disc harrows, corn planters, and listers. In our country the Deere line of tillage tools is well established. It would be impossible—I know from my experience as an implement dealer and as a traveling salesman—to cut prices on the tillage line and maintain prices on the remainder of the lines. If prices of plows came down and not the prices of binders, you could only sell the farmers just what they were forced to buy.

Cross-examination by Mr. MYERS:

The International Harvester Company now has the Parlin & Orendorff tillage line, which is a good line.

In 1921 I sold two binders, four mowers, and six rakes. In 1922 I sold eight binders, seventeen mowers, and seven rakes; 611 in 1923 eight binders, ten mowers, and five rakes.

I sold the Acme in 1916 and 1917. At that time the Deere, not the Acme, was the Harvester Company's principal competitor in harvesting machines. In 1918 our competitor handled the Parlin & Orendorff and the McCormick line and he also had the Deering. It is my impression that in 1919 he did not sell more binders, mowers, and rakes than I did. We lose some customers each year and gain some, but I do not remember losing more than two because I did not have the International line.

Neither the Champion, Osborne, nor Milwaukee were sold in 1918, but the Milwaukee was sold there in 1916 and 1917. No Acmes were sold except what I sold. One or two Independent Harvester Company machines have been sold, but they have no dealer there.

612 ALVIN LONG, being duly sworn, testified as follows (Mar. 28, 1924):

Direct examination by Mr. REMY:

I am an implement dealer at Grand Island, N. Y. There are 3 dealers at Grand Island—one handles the Massey-Harris harvester line, another the International harvester line, and we the Deere harvester line. In 1922 I sold more harvesting machines than the International dealer and in 1923 just as many. There is competition in the sale of harvesting machines in our community.

Before the decree I sold Osborne machines and then took up the Deere line. The Massey-Harris line has been sold in Grand Island since that company took over the Johnston plant at Batavia.

The competition in the sale of harvesting machines does not differ from the competition in the sale of other implements there. It is keen in both harvesting and tillage lines.

(No cross-examination.)

613 PETER GLASKUD, being duly sworn, testified as follows (Feb. 19, 1924) :

Direct examination by Mr. MULLEN :

I am an implement dealer at Northwood, North Dakota, which is in the northeastern part of the State. The principal crop formerly was wheat. Of late years it has been corn and diversified farming.

I have been in the implement business 25 years, and now sell the Osborne harvesting machine made by the Emerson-Brantingham Company. The last year I sold International machinery was 1918; since then I have been selling the Osborne line of harvesting machinery exclusively.

During the last six years I sold International machines. I averaged fifteen grain binders, five mowers, and four rakes a year. In 1919 I had a carry-over of ten binders, but no mowers. My sales since 1917 have been as follows:

Year	Binders	Mowers	Rakes	Corn binders
1917	20	10	7	12
1918	28	12	9	4
1919	17	11	7	5
1920	12	8	5	1
1921	10	5	4	1
1922	6	3	4	No.

Our aggregate purchases from the International the last year we had business with them was around \$20,000.00.

After we changed from the Deering line we sold Osborne machines to people who formerly used the Deering. We could have retained the International line, but we did not do so because they wanted me to handle their complete line, and I preferred some other lines, such as Fairbanks engines, DeLaval separators, Emerson tillage goods, and Stoughton wagons. We changed by reason of the decree, and the International gave me all the chance I wanted, and after about a month's time we decided we did not want it.

614 The International representative was there two or three times. Hard times caused our sales to fall off in recent years.

Mr. MYERS. Petitioner refers to the general objection heretofore entered to this kind of testimony.

There were a lot of bank failures, the largest number occurring in 1923.

Our harvesting-machine business has been about even with the International since the change. Some years I have done a little more; one or two years they probably beat me with one or two binders. We have had no trouble getting Osborne machines, and they have given satisfaction to our customers. There has been no difference in our competition in harvesting machines from any other line of implements.

One dealer in our town sells Independent Harvester goods and some Minnesota stuff. On the north, in Larimore, one dealer handles the Deere line, another the International. Twenty-five miles on the east, Smith handles International, Deere, and Emerson lines. At Aneta, twenty-five miles on the west, there is the International and the Deere dealer. All of these towns are in our competing territory. There have been a few sales of Minnesota machines—may be at Holton, and probably four or five at Northwood. They are sold below the prices of the Deere, Osborne, or International machines.

The Oliver people made the first price cuts and others followed, some quite late in the summer, others earlier in the season. These cuts were necessary; everything else went down. Prices of machinery did not fall as much as the prices of farm products.

I believe I have been able to compete with the International Company there, and there is a field in my part of the country
615 to sell agricultural implements successfully in competition with the Harvester Company.

Cross-examination by Mr. MYERS:

1919 was the first season I sold the Osborne line, and of the 28 binders I sold that year there was a carry-over of ten Deering binders. I do not think there was any carry-over on rakes, mowers, or corn binders. We did not sell all of the ten Deerings in 1919. We sold some later. In 1920 there may have been a carry-over of one or two Osbornes from the preceding year, but I don't think so. The first year I knew that the International Harvester Company manufactured the Osborne machines.

616 DALLAS SULLIVAN, being duly sworn, testified as follows (Feb. 12, 1924):

Direct examination by Mr. REMY:

I am an implement dealer at Richwood, Ohio, 40 miles from Columbus, in the grain, coal, and implement business. I have been connected with the implement business since the spring of 1919. I am a member also of the General Assembly of Ohio. The name of our firm is Richwood Farmers' Exchange Company. Our main line is the John Deere. In 1919 we handled Deere tillage tools and the McCormick harvester line, with a carry-over of Milwaukee machines. We gave up these harvester lines because of the decree limiting the Harvester Company to one dealer in a town. Since then we have sold Deere harvesting machines.

In our part of the country we raise corn, wheat, oats, hogs, and cattle.

Tillage tools are more important as a nucleus for an implement dealer's business than the harvester line.

There is keen competition in all lines of agricultural implements. We have sold the Deere harvesting machines successfully. We have sold these machines usually to customers who have been patronizing the firm in years gone by, who have been our permanent customers;

if they need a plow or a mower or a binder they come to us. Two brothers, for example, came in to get a new knotter for their McCormick binder; we had a Deere binder on the floor; after considering the price of a knotter and at what price we could take
 617 their binder in trade, they bought the Deere binder. The Deere harvester line is good—their binders, mowers, and rakes.

The Fordson tractor is the leading tractor in our community. The use of the tractor has increased and particularly the sales of smaller tractors. The Fordson tractor is sold by the same dealers who handle the Ford cars; at Marysville the Ford dealer sells in connection with the Fordson tractor quite a few agricultural implements; in our town they confine themselves to culti-packers, disc harrows, and plows; at Marion they sell feed grinders, corn plows, and things of that kind that go with the Fordson tractor.

In 1920 we had a carry-over in some McCormick and Milwaukee goods, but the majority of our sales were in Deere binders; we sold a carload of Deere grain binders and a carload of Deere corn binders and then received some local shipments. There are about 16 binders to a carload. Since then our trade has decreased owing to the times.

Mr. REMY. What have those conditions been with particular reference to the year 1921?

Mr. MYERS. Petitioner refers to the general objection heretofore offered as to this character of testimony.

In 1920 hogs were 20 cents, wheat \$2.70, and corn \$1.50 or better; now last year and even before that we saw wheat barely \$1.00, hogs at 8 cents, and corn about 70 cents. This cut the farmers' purchasing power in two and more than that, because he had other obligations made for land purchases, etc., and he could not decrease his upkeep and his overhead on that, and naturally that decreased
 618 his money that was saved to buy farm implements. In 1921 the farmers bought implements only just when they had to have them.

The first decrease in implement prices in 1921 was made by the Oliver Co. in tillage implements. That decrease led dealers to suppose that there would be decreases by other companies and on other lines of goods, for two reasons—tillage implements are the basic implements for the agricultural industry; in the spring they lead to future business for the summer; the factors that enter into the cost of tillage implements directly affect the cost of all other implements—labor, transportation, material, etc.

The decree in this case from my observation has been a boon for the Deere Company and a detriment to the Harvester Company. Before this decree the Harvester Company could have a man on one side of the street selling McCormick and on the other side of the street selling Deering. They could monopolize the harvester business. Now, when this decree came the man on one side of the street handles both the Deering and the McCormick and the man

on the other side would take on the next best, which would be the Deere. There is keen competition between the Deere dealers and the Harvester Company dealers in selling harvesting machines.

Cross-examination by Mr. MYERS:

The International Harvester Company has a store in Marion, called the Marion Implement Company, and it is the largest store there. The Moline Plow Company has a branch in Marion, and we have the Dick-Bruin there. The Merkel Implement Company, which handled Ohio Rake Company goods and this fall Deere binders, has discontinued business. The first John Deere binder was sold in Richwood in 1917.

619 I engaged in the implement business for the first time in 1919, when I went to work with the Richwood Grain Company handling the McCormick and Milwaukee lines.

To-day the International harvesting machines are sold in Richwood by the Harris Implement Company, which has been in business since last fall, a year ago in October. Before that they were sold by Dickason & Son, now in the grocery business.

The brothers who came to us for McCormick repairs and who bought the Deere binder were named McMahon. I do not recall any other customers who did this, but if a dealer handles repairs for various machines when customers come in for repairs he can show them a mower or something of that kind. It is in the interest of the dealer to sell anyone all he can.

We carry guards and sections for International machines, and we have a few carried-over International repairs. We have replenished them by buying from companies which make guards that fit in machines, say from Whittaker, of Chicago, or Henry Allen.

In 1919 we sold fifteen grain binders, all International. In 1920 we sold twenty-six grain binders, sixteen Deere.

In 1920 our competitors who had the International line sold six McCormicks and a less number of Deerings. We sold two binders to his one. He sold no Milwaukees. No new Milwaukees have been shipped into Richwood since 1920.

In 1921 we sold four Deere binders, and I do not believe our International competitor sold any. In 1922 we sold two grain binders and three or four Internationals were sold. In 1923 we sold two grain binders and he sold four.

By nucleus, I mean center of your implement business. You use a binder about five days a year. You use a plow in the spring and fall. Disc harrows come in when getting a seed bed ready. 620 etc. Early solicitations establish the business for the season to a certain extent. If a man is in the market for a plow, he may be in the market for a binder, and if he is, the chances are that it is more important to sell him his tillage tools than the harvester line.

Parlin & Orendorff plows are sold in our territory.

No Acme machines have been sold in our territory in my experience. Some Wood machines have, and in 1918 and 1919 we sold some Moline harvesting machines, and the Moline harvester is now sold at Marion. They have a store of their own there, called the Farmers' Supply Company.

Redirect examination by Mr. REMY:

The repair houses I have mentioned sell repairs which can be used on the Harvester Company's harvesting machines. We sell more corn binders than the International dealer. In 1921 we sold two and he sold one or two. In 1922 we sold three and his store was closed. In 1923 we sold six and he sold five or six. The Deere plow is the leader in our community, with the Oliver a close second.

Mr. Dickason handled the Harvester Company's harvesting machines in 1922. He no longer handles any harvesting machines. Mr. Joseph Gabriel handled the Harvester Company harvesting machines in 1921. He no longer handles them and is now traveling for the Harvester Company.

Recross-examination by Mr. MYERS:

Relative to the fact that in 1923 the Harvester Company in the United States sold 13,419 corn binders and the John Deere Plow Company sold 2,716 corn binders, I would say that the conditions are local in character. What you sell is what you work to sell.

Q21 S. C. STOCKDALE, being duly sworn, testified as follows (Mar. 28, 1924):

Direct examination by Mr. REMY:

I am in the hardware and implement business at Tarentum, Pennsylvania. We have handled implements since 1908. Tarentum is near Pittsburgh. We have diversified farming. I have handled the International's harvesting machines; our last year was 1919. We were discontinued that year by reason of the decree in this case.

In 1919 there were two dealers in Tarentum having established places of business. We handled the McCormick and Massey-Harris harvesting machines. The other dealer handled the Deering harvester line. Now we handle the Massey-Harris machines and the other dealer the International. In proportion to the demand, we have met with success in selling the Massey-Harris machines, and it is my opinion we sell as many machines as the International dealer there. I have sold Massey-Harris machines to persons who formerly bought from me McCormicks, but I do not remember selling the same kind in that way—for instance, I have sold a Massey-Harris mower to a man to whom previously I had sold the McCormick binder.

It is my judgment that any capable implement dealer can sell any well-made line of harvesting machinery successfully in competition with a dealer handling the Harvester Company's harvest-

ing machines. There is competition in the sale of harvesting machines in our community; each firm is endeavoring, without making any special effort, to sell its own line.

Cross-examination by Mr. MYERS:

The Harvester Company salesman spoke merely of my taking up again its harvester line. He came more than once and insisted upon it. I was not interested and we did not go any farther. He said he had observed the trade from one store to the other and he was interested in having us take up their line again.

623 S. F. STODENMIRE, being duly sworn, testifies as follows (Feb. 13, 1924):

Direct examination by Mr. REMY:

My address is Sumter, South Carolina. I deal in general hardware implements, livestock, feed, cattle, fertilizers, and have handled implements since 1913. I am with W. B. Boyle Company. At present we handle the Avery, Moline, and Lynchburg plow makes. We handle the Avery harvesting machines, known as the Champion, and a few Molines. We handled the Champion line prior to its acquisition by Avery & Company, I think, in the fall of 1918. At that time there were four dealers in Sumter. Booth-Boyle Company handled the Osborne, S. M. Pierson the Deering, George Epperson the McCormick, and we handled the Champion, all made by the International.

Cotton, corn, and oats are the principal crops; wheat and rye are raised in small quantities.

In 1919 Booth-Boyle took over the John Deere; we took over the Champion for Avery. Epperson took over the Osborne for Emerson-Brantingham. Pierson went out of business and was succeeded by Jennings, Blanding Mule Company, which took over the full International Harvester Company line. They have continued to handle these lines ever since.

The Champion line is well known around Sumter and is a good line. I know of no reason why an able dealer can not take the Champion and compete successfully with a dealer handling the International Harvester line. There is considerable competition in the agricultural implement business and in harvesters.

In 1919 we sold two binders, thirty-three mowers, twelve rakes; in 1920, four binders, twenty mowers, eight rakes; 1921, two binders, fourteen mowers, ten rakes; 1922, six binders, eighteen mowers, seven rakes; 1923, six binders, thirty-two mowers, fifteen rakes. All rakes sold were sulky hayrakes and Champions.

624 I think we sold more harvesting machines than any other dealer in Sumter. The Deere dealer would come next and the Harvester Company third. Very few corn binders are sold in my territory—we sold four Molines in 1920.

In 1921 the condition of the farmer was worse there, I think, than anywhere else, due not so much to falling prices as to the boll weevil. There has been a recovery since.
(No cross-examination.)

625 JOHN J. HIER, being duly sworn, testified as follows (Feb. 18, 1924):

Direct examination by Mr. MULLEN:

I am an implement dealer at Eureka, South Dakota; our town is in northern South Dakota, in McPherson County, 80 miles from Aberdeen. I have been in the implement business ten years. The last year I sold Harvester Company machines was in 1918. I was changed by reason of the decree in this case, and since then I have sold the harvesting machines of the Deere Company and of the Massey-Harris Company.

In our country we raise wheat, corn, oats, barley, rye, and flax. The last two years they have been raising more corn and less wheat and that has increased the corn binder business. About 50 per cent of the corn is cut and 50 per cent husked in the field. There were very few corn binders sold up there prior to 1919. Now about 20 per cent of the grain raised is corn.

The principal harvesting machine sold is the header—a few binders with which to cut oats. The header has a 12-foot swath, is pushed by horses; you drive along with a header box and head the grain on the box; you cut 40 or 50 acres a day with 2 boxes. We have only sold 2 binders since 1918.

In 1918 we sold 8 International headers; in 1919 we sold 5 Massey-Harris headers; in 1920 we sold 9. The header territory there is 60 miles long and 40 miles wide. In our town Kiern & Kiez have sold Champion headers for about four years, and Strotobel
626 sells McCormick and Deering headers. At Hosmer there is one dealer selling Champion headers and another selling McCormick and Deering headers; at Zealand there is a dealer selling Champion headers—no one else sells headers in that town so far as I know.

In 1918, the last year I sold the McCormick, I sold six mowers; in 1919 I sold 15 Deere mowers; in 1920 I sold eight. Since there has been a falling off in the number of machines sold.

The competition on the harvester line is no different than on the tillage line. We get our share of the trade and can get sufficient machines and furnish our customers with adequate service.

No one has made any money raising wheat since 1920; the increase in corn is because the farmers figure that they can do better in corn than in wheat and they have a little.

We could have had the International line, but we preferred the Deere on account of the bigger business we had in their tillage tools. We still think we made the proper choice. There has been a field there to sell headers, binders, and mowers in competition with the Harvester Company.

Prices of machinery were cut in 1921, and those cuts were necessary. Our competitors cut prices and so did we to get money out of the machines.

Cross-examination by Mr. MYERS:

We had no carry-over in 1919 of any International machines. In 1921 I sold about six headers. Osborne machines have not been sold in our town since about 15 years ago. Champion machines were first sold there in 1919, as far as I can remember.

The prices of the Deere and Massey-Harris machines are the same.

Flax is harvested with headers the same as wheat.

Redirect examination by Mr. MULLEN:

They first sold Champion headers there four or five years ago. I never knew or heard of a Champion header being sold there until then.

628 J. C. Beck, being duly sworn, testified as follows (Feb. 19, 1924):

Direct examination by Mr. ELLIOTT:

I am in the implement business in Knoxville, Tennessee, and have been since 1919. Prior to 1920 we handled the McCormick harvester line. We were discontinued under the decree in this case requiring the International to do business with only one dealer in a town. Since 1919 we have handled the Champion harvester line made by Avery & Company, also their tillage line. The McCormick and Deering harvester lines have been handled since by Tarver Company, which was succeeded this year by Hall-Waller Company. Justus & Company sell some harvesting machinery—Massey-Harris, John Deere, Walter A. Wood, and some Molines.

We have sold the following machines during the years stated:

Year	Binders	Mowers	Rakes	Year	Binders	Mowers	Rakes
1918	1	75	50	1921	2	45	40
1919	2	77	90	1922	2	50	30
1920	2	90	40	1923	No.	40	20

Those sold in 1918 and 1919 were McCormick, with possibly a few Emerson-Brantingham mowers. In 1920 they were practically all Champion machines, and since they have been all Champions. We haven't sold so many binders, because in the last few years farmers in our section have quit raising wheat almost entirely. Our competitor's business in binders has fallen off in about the proportion that ours has. We estimate that we are doing about two-thirds as much business in harvesting machinery as our competitor who sells International Harvester machinery is doing.

629 The Champion mowers and rakes were sold in Knoxville for a number of years prior to 1919. Considering the condi-

tion of the farmers during this period, we feel we have had reasonable success in marketing the Champion harvester line, and the machines have given satisfaction. Since we have gotten the Champion line we have sold to the same customers to whom we formerly sold it would make no difference who sold or made it. Some would prefer generally. Some people prefer a McCormick binder or mower, and a Champion or a Wood.

The Avery line has been made very much more attractive to a dealer by the addition of the Champion harvester line. The Avery plow and tillage line is well known and popular in our section. The fact that the Avery line is now a full line is of great advantage to the dealer.

I see no reason why a capable implement dealer cannot sell a good harvester line in competition with a dealer selling the International harvester line.

There is very active competition in the sale of agricultural implements at Knoxville and in the vicinity, and there is the same sort of competition in the sales of harvester machinery as in the sales of other agricultural implements, more if possible.

Cross-examination by Mr. MYERS:

In Knoxville, Deere, Oliver, International, Vulcan tillage tools are sold; Roderick Lean tractor plows and harrows, International, Avery, Massey-Harris, and some carried-over Wood harvesting machines are sold.

We had no carry-over from 1920 to 1922. There might have been some from 1920 to 1921.

630 The Lowe-Hord Hardware Company had the Deering lines before 1919. When the Tarver Company took over the Deering, Lowe-Hord Company was eliminated.

631 H. M. BASKERVILLE, being duly sworn, testified as follows (Mar. 28, 1924):

Direct examination by Mr. REMY:

I reside in Richmond, Virginia.

I am vice president of the Watt Plow Company, which retails implements. The Harvester Company went to one dealer in a town in Richmond in the fall of 1918. Before that the Hoeninger-Sizemore Co. sold their Deering line and we sold their McCormick line, Hoeninger-Sizemore Co. no longer handle the Deering. Now we sell the McCormick line of harvesting machines; Henning and Nuckols sell the Osborne, The Implement Company of Virginia sells the Massey-Harris, and the Richmond Farm Supply Co. sells the Deere. The competition is very strong. Our strongest competitor is Henning and Nuckols, with the Osborne, whose proportion of the trade is growing. The Massey-Harris is being pushed, but we do not hear so much about them and the Deere is not as strong as the Osborne.

Competition is keen on all lines of agricultural implements, but rather stronger on harvesting machines than on other lines.

I have been in the implement business 23 years; in my opinion a capable implement dealer can sell any well-made line of harvesting machines successfully in competition with a dealer selling the International's harvester line.

Cross-examination by Mr. MYERS:

We have diversified crops around Richmond; corn is the principal crop but there is considerable wheat; every farmer raises some. Our farms average something under 100 acres.

Last year we sold about 18 grain binders.

Redirect examination by Mr. REMY:

There were a considerable number of Osbornes sold also, but I do not know the figures.

632 Mr. MYERS. Petitioner notes a reference to the objection addressed to the witness Stockdale, this objection to stand to that question whenever repeated.

The plows and tillage lines sold in Richmond are the International, Oliver, Deere, and Bucher and Gibbs.

633 J. M. Lewis, being duly sworn, testified as follows (Feb. 16, 1924):

Direct examination by Mr. REMY:

I am an implement dealer in Huntington, West Virginia, where I have been in the business seventeen years. Around Huntington they raise corn, tobacco, wheat, and beans. I handled the International harvesting machinery and tillage goods and Oliver tillage tools.

In Huntington the International, Massey-Harris, Moline, and Avery harvesting machines are sold. At Gallipolis, Ohio, the Deere, Massey-Harris, International, Moline, and, I think, the Avery machines are sold. In Ironton, the Deere and International. In Ashland, Kentucky, the Deere, Avery, and International; in White's Creek, a short distance from Huntington, the Deere is handled; at Hurricane, West Virginia, the Massey-Harris and International; at Windfield, West Virginia, the Massey-Harris only. At Griffiths-ville one dealer handles Massey-Harris and International.

There are very few binders sold in our territory; mostly mowers and rakes. There was pretty keen competition in all lines of agricultural implements.

I am familiar with the Massey-Harris, Deere, and Avery harvester lines. I know of no reason why a dealer can not compete successfully with any of those lines against a dealer handling the International Harvester Company's harvesting machines.

The Fordson tractor is the most popular tractor sold in our community. It is sold by the Ford dealers. There are two in my town and every small town near by has a Ford dealer. In connection with the tractor the Ford dealers sell disc harrows, spike harrows, spring-tooth harrows, culti-packers, and plows. Oliver has

the big per cent of this business. Deere and Moline each gets some of it.

634 The Oliver is the most popular tillage line in our community.

Mr. MYERS, Petitioner desires to note an objection to extending examination as to tillage implements, supplemental petition of the Government being expressly confined to harvesting machinery.

The tillage line is more important to an implement dealer's business than the harvester line. It has greater variety and we sell it almost the year around, while the harvester line is seasonal. There has been a greater growth in the variety of implements composing the tillage lines than in the harvester line. Seventeen years ago, when I commenced, the tillage line consisted of plows and disc harrows, seeding machines, and occasionally corn planters. Now there are various kinds of cultivators, tractor plows, walking plows, riding plows, spring-tooth harrows, peg-tooth harrows, and culti-packers.

In 1921 implement companies cut prices, Oliver having made the first cut. In my judgment after that cut other companies could not have maintained the prices of their machinery. There would be a holding back from buying until other lines followed, and that would be true of the harvester as well as the tillage lines.

635 ALFRED W. PUCHNER, being duly sworn, testified as follows (Feb. 14, 1924):

Direct examination by Mr. REMY:

I live in Edgar, Wisconsin, where I have been in the hardware and implement business for twenty-nine years. In 1918 I handled the John Deere and the McCormick lines. I ceased handling the McCormick on account of the decree entered in this case and since then I have handled the Deere. I have met with good success and sell practically as much as any of the dealers. The Deere line of hay tools is the popular line in my territory.

In Edgar one dealer handles the McCormick, Deering, and Minnesota harvesting machines and sells as many Minnesotas as the International, particularly in the binder line. Another dealer handles the Massey-Harris to a small extent. I sell more hay tools than any of them.

I know of no reason why a dealer can not take the John Deere line of harvester machines and compete successfully against a dealer handling the International line—he should do better, because we have had that experience.

At Fenwood, six miles away, two dealers sell harvesting machines, one the International line and one the Deere, and the Deere dealer sells the most. At Marathon, seven miles distant, there are several dealers, and the Deere, International, and Massey-Harris harvesting machines are sold. At Poniatowski, six miles away, one dealer sells the International and Deere lines. At Colby, Stratford, and Athens the Deere and International harvesting machines are sold.

I commenced selling Ford tractors about five years ago. Originally they cost around \$1,000.00; then they were reduced, I think in 1918 or 1919, to about \$830.00. In 1921 there was a reduction of \$230.00 and such other reductions as to bring the price down to \$395.00.

I sold twenty tractors last year; fourteen the year before. The tractor has created a demand for other implements to go with it—you can saw wood, pull stumps, plow and harrow, pull binders and fill silos with tractors. No other implement has as many uses on a farm. It is used to pull mowers, and they have a mower attachment consisting of a drawbar attached to the side of a tractor, which serves the same purpose as a mower. It has not been marketed so much yet because practically everyone to whom we now sell a tractor already has a mower, but, in my judgment, in the future the mowers sold will practically all be with a drawbar connection. We sell threshers in connection with the Fordson tractors.

Besides, the side-delivery rake, rather than the sulky rake, is sold entirely now in our part of the country, and Deere has the most popular side-delivery rake. I took on the John Deere line on account of the hay tools. The sales of tillage and hay tool lines far exceed the sales of the grain tools. Corn binders are sold by John Deere and the International, but not many have been sold in the last three or four years.

Mr. REMY. What was the condition of the farmer there in 1921?

Mr. MYERS. Petitioner refers to the general objection heretofore entered as to testimony of this character.

In 1921 there seemed to be a mutual agreement among the farmers not to buy machinery. They were not in a position to buy much. Farmers would tell me not to canvass, "for we have an agreement among us not to buy this year." In one instance we sold some harrows and unloaded them at the station and at least ten persons came and said not to take them home. They said, "You know we have agreed not buy them this year." These conditions were almost universal throughout the whole community.

The tractor is the biggest thing we have. With it you get the plow line, the disc-harrow line, the spring-tooth line, and threshing machinery. We canvass every farmer for a tractor, and when we sell him the tractor we try to sell him everything else that goes with it.

The condition of the farmers in my part of the country has improved quite a little since 1921. Ninety per cent of our farming is dairying. Edgar is in practically the center of Wisconsin, in the northern agricultural end of the State.

There is keen competition in the sale of all lines of agricultural implements. Dealers are solicited by the manufacturers to buy various lines. I know of no business where there is keener competi-

tion than the agricultural-implement business. The field is open for the sale of these implements, including the harvester line, in competition with dealers handling International Harvester Company goods. It is simply a matter of activity on the part of the local dealers.

Cross-examination by Mr. MYERS:

In 1919 I sold forty-five grain binders, all Deere. My entire sales of harvesting machines since have been Deere.

The name of my competitor in Edgar is Ottoway & Paeske. Otto E. Holtmann, Deere dealer at Fenwood, started in about three years ago and outsold everybody in the whole country. I
638 could not tell you the name of the International dealer there—they change so often—but Holtmann does more business than the rest of us put together.

Redirect examination by Mr. REMY:

The decree of 1918 in the cases with which I am acquainted put the Deere line into one man's hand where in many cases he used to handle both lines, as I did.

639 It is agreed that the record may show that Joseph R. Keefe, a dealer from Redwood Falls, Minnesota, called by defendants, testified in part as follows:

Q. Does the Rock Island Company make a rake?

A. Yes, sir.

Q. What kind of a rake?

A. Well, they have a rake—not a horse rake—a combined rake and tedder. That is what we bought.

Q. Do you know whether they have a side rake?

A. Yes; side delivery.

Q. And what is the fact as to which is the most popular rake, the sulky hay rake or side delivery or the combined rake and tedder?

A. There is very little demand for horse rakes in that territory.

Q. By horse rakes you mean self-dump sulky rakes?

A. Yes, sir.

640 J. R. HOWARD, being sworn, testified as follows (Feb. 11, 1924):

Direct examination by Mr. ELLIOTT:

My address is Clemons, Iowa. I have owned a farm there of 480 acres since 1905, on which is raised corn, small grain, clover, hogs, and cattle. I work on it about two months a year, and I am there some time each month of the year.

I have taken part in the work of the American Farm Bureau. I began in 1914 or 1915 in the county farm bureau of my own county. I was chosen president of the Iowa State Farm Bureau in 1917 and president of the American Farm Bureau when it was organized in 1919, and continued in that position until January 1, 1923.

The Farm Bureau structure is built upon the county farm bureau unit, an organization of farmers cooperating with the State agricultural colleges and maintaining county agents. Part of the funds come through the State college, but a large part, particularly in States like Iowa and Illinois, comes as membership fees from the farmers themselves. The county farm bureaus became federated in 1915 and 1916 into State federations, and the State bureaus in the American Farm Bureau in 1919. Each State in the Union, except South Carolina and Florida, are members. It would be safe to say that the membership of the American Farm Bureau is between a million and a quarter and a million and a half farmers. The State organizations are unit members of the National, and elect an executive committee from State members. We touch on every problem affecting the farmers, especially transportation, general economics and research work, marketing, legislation, educational features.

My work brought me in touch with the directors from the 641 different State organizations. We had regional conferences every year in Chicago, Des Moines, San Francisco, Salt Lake City, Denver, Springfield, Mass., Washington, etc. My work also draws me into conference with the Departments of Agriculture and Commerce and with the President at times. In the latter part of 1920 and early in 1921 I was in conference, with reference to the deflation of farm products, with the Department of Agriculture and the Federal Reserve Board.

Mr. MYERS: Note the usual objection to the irrelevancy of testimony of this character.

Since 1923 I have given more time to my farm and to research work with the National Transportation Institute. This institute grew out of the agricultural conference called by President Harding in January, 1923. I am president of it.

Prices of farm products rose gradually from 1909 to 1914 and then quite rapidly until about July 1, 1919, which was the best year in the way of cash sales income the farmers ever had. From July 1, 1920, to July 1, 1921, the income dropped to \$10,500,000,000, as compared to more than \$14,000,000,000 for the previous year, and the next year it dropped to \$7,500,000,000. At the same time the farmers' expenses were going up. The farmer has three general classes of outgo—interest, insurance, and taxes, operating expenses, and living expenses. Interest and taxes during that period were large enough to absorb 25% of the farmers' cash receipts. This situation, though worse in some places than others, was not confined to any region in the country. Since July 1, 1922, there has been a little recovery, but still we are not in anything like as good a position as even before the war. Most of the farmers' productive necessities continued higher than prior to the war. Some commodities have gone 642 down temporarily and swung back and forth.

With the possible exception of the early wool clip, the 1920 crop, raised under these expensive conditions, all went on the lower market—that helped to increase the farmers' distress.

Farmers were unable to meet their obligations—a very extensive refunding of debts was necessary, in many cases an increase of the farmers' indebtedness. It was difficult to get additional credit and often impossible to refund, as is evidenced by the recreation of the War Finance Corporation and certain legislation relative to Federal loan banks and Federal reserve banks. All these steps were insufficient, as is shown by the numerous bank failures last month in certain northwest States.

The buying power of the farmer was practically suspended and is not yet fully restored. Within my memory there has never been as critical a situation as existed during these years. Early in 1921 there was a reduction in manufactured products. The farmers were very much incensed by the spread between producers' prices and costs, and gave expression to their feelings at every opportunity and in farm bureau meetings. There was great complaint at farm implement prices; many resolutions were passed; the feeling was that implement prices should recede with the farmers' prices. I quit buying implements and that was a pretty general condition over the country—the buying was limited to tools and repairs which were absolutely necessary.

Our organization looked carefully into the subject and conferred with the National Association of Farm Equipment Manufacturers, and as a result advised our farmers should keep their old implements. We found that steel costing \$25 a ton prior to the war cost \$50 a ton at the time farm prices went down and that the labor cost of the implement manufacturers had gone up materially, so we told our people the conditions and that we would use every influence with those manufacturers toward lowering prices, but we were convinced they could not be much less without being below replacement costs. We did urge the manufacturer in every case to make every possible reduction. Following this some reductions were made.

The manufacturers' volume of sales depended upon their making reductions; the reductions made resulted in a larger buying than would otherwise have occurred; had further reductions been possible the farmer would have bought correspondingly larger amounts of implements. The farmers felt that they had taken their medicine, a bitter dose of depreciation, and the other fellow should take the same dose.

The conditions described were general. New England farmers being closer to the markets, suffered less, but the difference was only in degree between different sections of the country. In the Dakotas and Minnesota there is a decided tendency toward crop diversification. In North Dakota dairying is increasing as rapidly as in any State; corn production is working northwest into southern Minnesota, South, and even North Dakota.

In my experience as a farmer or from my wide acquaintance and association with farmers of the United States or from my investigation of the recent and still continuing conditions of the farm indus-

try I do not know of any injury or damage to the farmers that is attributable in any way to the International Harvester Company.
(No cross-examination.)

Mr. MYERS. Note an objection to the speculation.

644 SAMUEL H. THOMPSON, being duly sworn, testified as follows (Feb. 8, 1924):

Direct examination by Mr. REMY:

My address is Quincy, Illinois. I am a farmer and president of the Illinois Agricultural Association, a federation of county farm bureaus composed of 94 counties of the State of Illinois, which has a membership of 62,000 farmers.

The county farm bureau is an organization in each county composed of farmers. They employ a county agent. Some funds are obtained from the National Government through the Smith-Lever acts, some from the State government, and the remainder is contributed in the form of membership fees by the farmers. In our State the fee is \$15.00 apiece.

Mr. REMY. A unit of this organization is this county farm bureau of this federation?

Answer. Yes, sir.

I was elected president a year ago last January. Before that I was a member of the executive committee which is elected by congressional districts, one man from each district being elected to represent that district on the committee. I was a member of the executive committee three years. I was vice president in 1922.

645 My farm is at Paloma, Illinois, post-office address Adams County, near Quincy.

My association with the farm organization has brought me in close touch with the farmers throughout the State. I have travelled around, observing conditions, and talked with the farmers as part of my duties.

Mr. MYERS. Petitioner notes a reference to the objection made this morning relative to testimony regarding conditions.

The 1920 crop was a very expensive one for the farmers in Illinois, because farm help was high and everything that went towards the making of a crop was probably higher than it had been ever before. Wheat, oats, corn, hogs, and cattle are raised principally in Illinois. From June, 1920, to January 1, 1921, the price of grain declined. According to my recollection, the Government control price was taken off either in June or the first of July, 1920. The effect was that the price of wheat advanced a little for some time. The Government control price of wheat was \$2.25. About January, 1921, it was \$1.60, as I remember. Hogs went down to about \$9.00 a hundred from around \$18.00. Cattle was lower about \$7.00 for that year. From January, 1921, through 1922 prices of grain continued to decline. Prices of cattle and livestock averaged lower.

646 although there were some fluctuations. As a result the farmer's purchasing power was affected materially, as was his

credit with the banks, because the farmer would depend on his income to help his credit, and when that was impaired he could not meet his obligations and his credit was impaired.

The price of farm lands fell, but very little farm land changed hands. There was no demand at all for it. At the beginning of 1921 farmers felt that the prices of agricultural implements were high and so out of proportion to what he could afford that the attitude was not to buy.

Mr. MYERS. Petitioner objects to saying what other people thought.

My opinion is based on knowledge of general conditions and conversations with other farmers and county agents. Our agricultural association took up the matter of farmers purchasing agricultural implements, and recommended that the farmers as far as possible should not purchase new machinery, and instead of such purchases they should list all the farm machinery available throughout the State to make possible the exchange or loan of such machinery to one another, and further recommended that they should repair old machines. These recommendations were followed to some extent; I don't know as they did universally. I know it was a practice. I do not remember a time that it was practiced to a greater extent than it was during 1921—more during 1921 than at any other time.

I have farmed about 39 years myself, and I do not remember
647 a time when the condition of the farmers was parallel to his condition in 1921.

In recent years the tractor has been introduced as a farm machine. The Ford tractor has been largely sold in Illinois.

Ford tractors are marketed in Illinois through the Ford agencies, and in connection with the sale of the tractor these agencies sell agricultural implements. They sell discs, plows, and some cultivators. It is customary to sell a gang plow, a disc, and a tandem with the Fordson tractor.

Cross-examination by Mr. MYERS:

A tandem disc is a double disc.

We had more than our present membership of 62,000 before the financial difficulties which hit us in the last three years. Our largest membership was 100,000 in 1920.

Some counties have the opportunity of coming in for \$10.00, but the State association fee is \$5.00 with 50¢ out of that for the
648 American Farm Bureau. There are, I think, two or three counties on the \$10.00 basis. Between 1920 and the present time the farmers of Illinois had about \$930,000.00 in membership fees in this association. No contributions are made to the association's income by industrial firms or otherwise. Our organization gets about one-third, and our income runs something over \$300,000.00.

Mr. LUNDABURY. What is that?

Mr. THOMPSON. That State and American Farm Bureau together. We have eleven service departments in our organization. We have a tax department to look after tax revenue articles and the manner in which the revenue laws are being administered. They have rendered a great service by making a complete survey of the tax situation in Illinois as to the uniform valuations between farm property and other classes of property. We have a transportation department which looks after claims and adjustments of freight rates. They have rendered a real service in obtaining a better understanding with the transportation lines. We have commodity cooperative marketing departments, dairy, fruit and vegetable, poultry and livestock, and grain. We assist in the community in preparing contracts, helping with local organization, and putting it on a sound
649 business basis. We have a legal department. We feel that the money spent through these departments is spent in doing for the farmer something that he can not well do for himself.

We have not been able to market grain cooperatively in Illinois. We attempted to join in a national plan some three years ago, but that plan has never functioned successfully.

The Food Administration fixed the price for hogs on the hoof at Chicago which was higher than any price that had ever prevailed before during my time. After the Government took that price off, it was as high for a little while. Before the Government prices were fixed I had never known a time when prices were so high. A great many of the farmers expected that those prices would stay.

I was acquainted with farming conditions in 1893 and they were bad, but they were bad generally speaking; everybody was down on the same level. Conditions became acute for a short period in 1907, but nothing at all in comparison to what they were in 1920. What happened in 1907 was not brought about by lower prices on farm products just at once; it was brought about by financial conditions which did not give an opportunity to get what property was really worth. I don't remember very much difficulty in 1913 and 1914 for farmers, although there was a slight depression. That
650 was followed by a gradually growing period of inflation.

I have owned some stock in a bank. Farmers having loans from banks had difficulty in paying them as a result of these conditions. In a good many instances banks were compelled to extend their notes. Sometimes notes were cancelled because of the inability of the bank to collect.

The tendency to sell farm machinery in connection with tractors is not confined to Ford tractors alone. Other makes of tractors do not sell farm machinery in quantities as large as the Fordson. I believe a farmer can go into a retail store of the International Harvester Company and obtain a tractor and a full line of implements to go with it. In 1920 and 1921, at the Ford agencies in Quincy, binders, mowers, and rakes were offered for sale with Ford tractors. I do not know whether that is true at the present time. The binder offered was the Deering binder.

Redirect examination by Mr. REMY:

There was a difference between the farmers' depression occurring in 1921 and the other depressions I referred to. In 1921 the purchasing power of the commodity from which the farmer derived his income was not on a par with the purchasing power of that same commodity in 1893. I do not recollect any time during any panic or prior depression when there was as great a disparity in prices between what the farmer produced and what he bought as in 1921.

651 W. H. DAVIS, being duly sworn, testified as follows (Feb. 9, 1924):

Direct examination by Mr. REMY:

My home is in Hitchcock, South Dakota. I have owned a farm in South Dakota since 1878. I acquired the piece of land I am farming on, near Hitchcock, about 1889. In that section of South Dakota we raise a general crop of wheat, corn, oats, barley, spelts, and the fodder crops. North of us wheat is the principal crop, and south of us less wheat, more corn, hogs, and cattle are raised.

The farmers of South Dakota have several organizations. I am connected with the South Dakota Farm Bureau Federation. I was a member of the executive committee in 1920, 1921, and 1922, and was president in 1923. It is a federation of about 42 counties, the organized counties of the State. The objects of the federation and of the county farm bureaus are educational, social, and economic. In 1920, 1921, and 1922 the membership was about 16,000. My duties in connection with the federation have brought me quite generally in contact with farmers throughout the State.

The 1920 crop in South Dakota was very expensive, due to the excessive price we were compelled to pay for labor and all commodities that entered into our farm activities. The expense of threshing was from 100 to 125% higher than in 1913. I should say that the average of husking would be about 150% higher.

Mr. MYERS. Let me note a reference to the general objection as to testimony concerning conditions.

Including the whole period from July, 1920, to January, 1921, the course of prices of farm products was downward, except for a very material increase in the price of wheat at the time of the removal of the Government price. Wheat maintained that
652 advance, I should say, sixty days. The decline in farm products during the year was from eleven billion nine hundred million to seven billion two hundred million. Most of the decline occurred in the latter part of the year. The cost of production increased from one billion nine hundred million to two billion three hundred million during that period. These reductions in the price of products in South Dakota were disastrous. The purchasing power of the farmers around January 1, 1921, was from 47 to 58%

of normal. During 1921 the price of farm products decreased about 60%. During that year the farmers were able to buy farm implements only to a very limited extent. We had serious difficulty with transportation facilities—inability to get cars, inefficient handling—which interfered with our shipments during 1920 and 1921.

I was familiar with the attitude of farmers in 1921, which was that it was impossible for them to buy machinery enough to supply their needs. Instead of buying machinery they bought extras, built up their old machines, and cooperated with neighbors to utilize one machine to its full extent. I personally repaired a Deering binder that was about 27 years old. I am not a wheat farmer and use a binder to a limited extent.

The harvester machines sold in South Dakota are the McCormick, Deering, the International line, the Deere line. Occasionally you see an agent of the Champion. I should say the Deere line is widely represented in South Dakota. The tractors sold have been the International Harvester tractor, the Fordson, the Samson in limited quantities, the Steel Mule about five years ago. The Fordson tractor has been widely represented. Ford dealers sell agricultural implements in connection with the tractors to a limited extent.

653 They sell drills, disc harrows, and plows, and I have seen mowing attachments. By limited extent I mean the line to be limited to a few pieces. I once saw a Moline binder sold in connection with a Ford tractor by a Ford agent.

Cross-examination by Mr. MYERS:

I own an automobile which I acquired in 1916. Automobiles are universally used in my country. During the period of the war there was a tendency to economize in time and buy labor and time-saving implements. We used the automobile as a timesaver.

Several county organizations in our State are on a ten-dollar membership basis. Of that amount fifty cents goes to the national organization, a dollar and a half to the State organization, and the balance to the county organization. State organizations are made up of the county organizations and the national of the State organizations. The majority of the county organizations are on the \$5.00 basis. You occasionally see Avery tractors throughout the country.

Redirect examination by Mr. REMY:

I should say the Ford automobile led in South Dakota by quite a majority. The Oliver plow line is sold in South Dakota.

654 J. F. REED, being duly sworn, testified as follows (Feb. 9, 1924):

Direct examination by Mr. ELLIOTT:

I live in Lacquiparle County. My office address is Gary, South Dakota. I have lived there since 1903 and have operated a farm all of that time.

I am a member of the Minnesota Farm Bureau and have been president of that organization since January, 1922. Before that I had attended meetings and was familiar with the association activities. There are 42,000 members. The association has a three-fold object, to further the educational, economic, and legislative interests of the farmer. There are seventy-two county organizations, and the county organizations have a varying number of local township units. The township units meet monthly and the county organizations from two to four times a year. We have meetings of the county directors of the State association about three times a year and a general meeting for members throughout the State, usually twice a year.

The principal farm products in Minnesota are small and coarse grains and livestock and their products.

Mr. MYERS. At this point let me note a reference to the general objection as to testimony with reference to conditions.

From December, 1920, to December, 1921, the course of farm products prices was downward. The 1920 crop was sold for less than the 1919, and the 1921 crop sold for still less. The falling prices were probably in excess of 50%. There has been no noticeable corresponding fall in the price level of manufactured products. The effect of the drop in the prices of farm products was to curtail the

655 farmer's buying power and his ability to meet obligations. The lack of adjustment between what the farmer had to sell and what he had to buy continued in varying degrees up to the present time.

It has placed the farmers of Minnesota in a condition probably worse than they have ever been in before. Tenant farmers have been compelled to leave the farming occupation in vast numbers. Farm lands are not being transferred except in a limited degree and those which are transferred are at reductions of from twenty to sixty per cent in valuation.

The 1920 crop was the highest priced crop ever produced in the State and the farmers did not get back a fraction of its cost. We have had depressions in agriculture in my recollection, but not of the same character as this. The depressions in 1883, 1885, 1893, and 1897 were serious in agriculture, but other business suffered proportionately, and as a result the value of the products of the farm would buy more of the necessities of the farmer than in 1921.

Mr. ELLIOTT. What can you say as to the effect on the farmers' state of mind and attitude towards the prices of manufactured stuff he had to buy when this slump hit him in the winter of 1920 and 1921?

Mr. MYERS. Petitioner objects to the question on the ground it calls for hearsay testimony.

Practical farmers refused to buy even some of the necessities of the farm. I advised our farmers not to buy things and I did not do it myself.

There were meetings of our farm organization at that time at which was discussed the subject of the high comparative prices of manufactured products generally. The farmers as a whole resented the fact that their product was not able to bring to them their necessities and that sentiment was given publicity through the 656 farm papers and was general throughout Minnesota. The sellers of implements, a farm necessity, were the object of this feeling as much as any other manufacturers.

There were some reductions in prices of implements in the winter and spring of 1921, but they were not sufficient to bring about a normal readjustment between the price of what the farmer had to sell and what he had to buy. So far as the farmers' mind was concerned, such reductions in price were accepted as a relief so far as it went, but the farmer still thinks up to the present time that such relief has not adjusted itself to his values and production. My opinion is that the only trouble with the reductions was that it did not go far enough.

Mr. ELLIOTT. What would be your opinion as to whether such reductions as the manufacturers found themselves able to make in view of the cost of manufacture were necessary?

Mr. MYERS. Petitioner objects to the question on the ground that it involves considerations manifestly not within the knowledge of the witness.

The farmer resented the idea of being forced to buy his things by necessity, when he knew they were wholly out of parity with the things he had to sell.

There is a harvester-machine factory at Stillwater run by the State of Minnesota. Early in January, 1922, soon after I had been elected vice president of the Minnesota Farm Bureau, I asked for a conference with the board of control of the State with a view to inducing them to lower the prices of their binders, mowers, rakes, and binding twine, and in a couple of weeks they agreed to make certain reductions, and did make them. The product of the Minnesota State plant is offered and sold throughout the State of Minnesota and in other States.

There is a farm bureau in North Dakota and between it and 657 the farm bureau of Minnesota there is a working relation.

During this period of depression since 1921 I have attended various meetings of farm organizations in North Dakota, and I consider that I am familiar with conditions there. I think the farmers in North Dakota had been hit worse than those in Minnesota because it is more of a grain country.

Cross-examination by Mr. MYERS:

The farmer pays his dues to the county organization with the understanding that a part of them are to be passed to the State and national organizations. The annual dues are five dollars. Three dollars and a half is expended in his own county, one dollar goes

to the State organization and fifty cents to the American organization. In addition to being president of the State organization I am also vice president of the National Farm Bureau. I draw a salary from the State when I am working, none from the American Farm Bureau. I am chairman of the executive board of the State organization, the duty of which is to form policies for carrying out the objects of the association, to oversee generally the officers and departments of the State organization in relation to their service to the membership. Since January, 1922, my duties in connection with these organizations have occupied a large part of my time. I sometimes represent these organizations before both State and national legislative assemblies.

The highest price of wheat that I recall was during the time before the Government set the price. It was three dollars and a half a bushel. The farmers and others with whom I conversed felt that it was an extraordinary price. Good business men would not expect it to continue at that level.

Farm lands in Minnesota reached their highest value in the summer of 1919. Land sold from ten dollars to two hundred dollars an acre. When I spoke of farm values falling off from fifty to sixty per cent, I base that upon the 1919 values. Farm lands are being sold in Minnesota now twenty per cent cheaper than in 1913 or 1914. Of my experience, 1913 and 1914 were average farm years. Values of land and prices of agricultural implements greatly increased from 1914 until they reached their peak in 1919 in the farming section of western Minnesota.

In 1919 and 1920 farmers bought what implements they could during the period of high earnings. I would not say that the farmer bought more automobiles or other luxuries than any other class of people during that period.

Redirect examination by Mr. ELLIOTT:

Among my recent activities in connection with the farm bureau I was in Canada making talks to Canadian farmers on the benefits which would come to them through the opening of the St. Lawrence waterway. From there I went to Washington to confer with the President on agricultural and financial conditions in the Northwest. During the present week I have appeared, at the suggestion of the President, before three committees of Congress. At the conferences with the President there were represented North and South Dakota, Montana, and Idaho, and the American Farm Bureau was represented by officers of the organization. There were present also the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture.

Mr. ELLIOTT. Did you gather from them that they considered the condition of the farmer in the Northwest as something of an ordinary condition which happened frequently, as Mr. Myers suggests?

Mr. MYERS, Petitioner objects to the question on the ground it calls for hearsay.

ANSWER. The President suggested in his address to the conference that there was an emergency, that everyone knew that who knew anything about agriculture.

659 J. R. CARY, being duly sworn, testified as follows (Feb. 9, 1924):

Direct examination by Mr. REMY:

I live in Carrollton, Missouri, where I have been a farmer all my life. Carrollton is 66 miles east of Kansas City, on the Missouri River bottom.

In Missouri there is a farm bureau and a farmers' union. I am a member of both. I was vice president of the farmers' union in 1919 and have been president for the past four years. The farmers' union in Missouri has twenty-odd thousand members and has organizations in 32 other States. The unit is termed the schoolhouse or district local. The full name is the Farmers' Educative and Co-operative Union, and the object is to cut out as many middlemen as possible in marketing commodities. My duties are to visit the different locals and county meetings and to take charge when we have a State meeting. There are 114 counties in the State, and I have been in between 90 or 100 of them in the past three years. In my meetings with the farmers I have discussed generally agricultural conditions and kindred subjects.

In Missouri we raise wheat, corn, oats, clover, alfalfa, timothy, cattle, and hogs. The southeastern part of the State produces some cotton.

Mr. REMY: Do you recollect whether the crop raised in 1920 was an expensive or inexpensive crop to raise?

Mr. MYERS: Let me at this time note a reference to the general objection.

The 1920 crop would be about the most expensive that we raised. Seed was high; labor was high. The Government control of the price of wheat was taken off in June, 1920, after which wheat was marketed at \$2.63. In July, 1921, wheat was 93¢. In July or August, 1920, the price of oats was \$1.10. A year later it was 23¢ and 30¢. The price of corn in 1920 was \$1.98. A year later it did not exceed 45¢.

We raise a great many hogs in Missouri, which are marketed in the spring and the fall. In the fall of 1920 one of the strongest feeders in our county sold a lot for \$25 a hundred; \$22.30 I sold for. A year later hogs were selling around \$8.00. These reductions resulted in the farmers being almost without purchasing power. Very few machines of any kind were purchased in 1921. At each meeting with the farmers throughout the State the question of the price of farm implements was raised. At a number of meetings I attended they passed resolutions that they would not invest in any more machinery than was absolutely necessary until there was a reduction in prices; also that they would exchange machines with neighbors and would repair their old machines. These resolutions

were carried out. There were auction sales where machinery was sold. The disparity between the price of farm products and the prices of things the farmer bought was the subject generally discussed throughout the State during 1921. There was a meeting of farmers at Columbia, Missouri, during what was known as "Farmers' week," in January, 1921, at the State University. The Missouri Farmers' Association, the farmers' union, and the farm bureau were present. A resolution similar to the one I have mentioned was passed.

Many machines were repaired, including some which had been discarded.

The harvesting machines sold in my county are the McCormick and Deering, Osborne, Moline, and the Deere. There has
661 been a marked development in tractors, and I would say the tractor is the implement used for most purposes on the farm. The Fordson is the tractor most used and it pulls almost all kinds of farm implements. I have seen them pulling the McCormick, John Deere, Osborne, and Moline binders. Throughout my county three-fourths of the plowing is done with the tractor. Tractors began to be generally used in the fall of 1916-1917 or 1917-1918. The first ones introduced were large, but the one mostly used now is the small tractor.

Cross-examination by Mr. MYERS:

The annual dues of the members of the farmers' union are \$2.50. In the farm bureau membership in some counties was on a \$10 basis and some \$5.00. In my county it \$5.00. The farm bureau has a larger membership in Missouri than the farmers' union. The highest prices I ever obtained for farm products were received in 1920. In 1914 I received around \$1.00 for wheat. Wheat was \$2.63 in 1920. I think the increases in other products were proportionately the same over 1914. Land values increased somewhat and reached their peak around 1920, which had a tendency to add to the cost of production. If he was a tenant farmer, it made no difference. Prices and values in 1920 were much higher than ever before in my experience. Farmers looked for some small decline.

When I said that since 1920 the farmers have not purchased any more harvesting implements than absolutely necessary, I meant that when the machine was old and worn out he would ordinarily get a new one. During this period a number of wheat fields stood unharvested until machines other than their own could cut them, and
a great deal of grain was lost in that way.

662 It takes one man to operate the ordinary grain binder. It takes one man to operate some styles of tractor-drawn binders and two for others. I have moved around the State a good deal at harvesting time and have observed the makes of harvesting machines employed, although most of my information was obtained through conversations. The information as to the frame of mind of the farmers with respect to buying implements, etc., to which I have testified, was obtained in conversations.

I think the International harvesting machines lead in my county. The John Deere is a heavily used machine. Osborne and Moline are also used. Of the International lines, the McCormick and Deering are the only two I know of.

Redirect examination by Mr. REMY:

I believe it cost about 40% as much to produce the 1914 crop, including plowing the land, seeding, and harvesting, as it costs for the 1920 crop.

I own and operate my own farm.

Recross-examination by Mr. MYERS:

I own a Ford automobile. Approximately 65% of the farmers in my county own automobiles, mostly purchased in the last year or two. There were not many purchased in 1921. They are considered almost a necessity. The tractor may be a little more essential on some farms. Radios are not being introduced on farms in my county very much, but I would consider them a necessity because they place you in direct contact with the market.

Mr. REMY. And that 65% of the farmers in your county who own automobiles, of that number what proportion of them owned Fords?

Mr. CARY. I think about 90 or 95% use Fords.

663 C. H. GUSTAFSON, being duly sworn, testified as follows (Feb. 11, 1924):

Direct examination by Mr. ELLIOTT:

I live in Lincoln, Nebraska. I own a farm at Mead, Nebraska, and also an interest in a farm in Cheyenne County. I have lived for 47 years on the section of ground close to Mead. I was in the threshing and corn-shelling business for 25 years or more in connection with the operation of my farm. That took me all over the neighborhood. I was president of the farmers' union of Nebraska from 1913 to 1921, when I resigned and became marketing director of the American Farm Bureau Federation. Later I was connected with the United States Grain Growers Organization. I was president of the Farmers' Union States Exchange and the Farmers' Union Cooperative Livestock Commission Company. The Farmers' Union States Exchange was a selling organization handling flour, seed, coal, salt, farm machinery, and other farm commodities.

The Livestock Association, a commission company, was organized in April, 1917, at Omaha, with branches at Sioux City and St. Joseph. At the present time the Omaha house handles over one thousand cars of livestock a month. I really organized both and built them up to their present size. Along in 1918 I organized the Farmers' Cooperative Insurance Company. I was connected with the Farm Bureau Federation of Nebraska, and served as vice president one year.

In 1914 the Farmers' Union States Exchange handled 18 carloads of twine. The last year I was connected with it, I think 1919, we had \$2,700,000 worth of business. We sold several hundred thousand dollars' worth of agricultural implements in the last few years. The principal lines handled were the Madison Plow Company tillage machinery, Minnesota State Prison harvesting machinery, and Groendyke twine.

664 The Nebraska Farmers Union was part of the National Farmers Union, which at one time covered about 25 States. In 1917-1918 I was a member of the national board. During 1919 and 1920 the Farmers Union of Nebraska had about forty thousand paid-up members. The unit was the schoolhouse or the town. We had some fourteen hundred locals scattered all over the State. The locals held frequent meetings at least once a month. As a result of my connection with the organization I traveled a good deal over the State, especially attending county and some local meetings.

My experience as a farmer for many years and as president of the Farmers' Union States Exchange brought me in touch with implement dealers and their competitive conditions. I am familiar with the machinery generally offered for sale in Nebraska. Among the lines sold are the International, John Deere, Lean, B. F. Avery, Emerson-Brantingham, Minnesota State Prison, and Madison. Also there are a number of branch houses at Lincoln handling tractors and threshing machines. It is my observation that any make of these machines is available to any farmers in the State. As long as I can remember competition has existed in the farm-implement business, and I have observed no conditions in the trade which are restraining or preventing the free flow of competition in any way.

In 1911 and 1913 I represented my district in the Legislature of Nebraska. I was chairman of the farm machinery legislative committee and spent a good deal of my time around the legislature in 1915 and 1917, 1919 and 1921, and 1923. There is a State board of agriculture in Nebraska, of which I have been a member since 1912.

It holds an annual State fair at Lincoln for a week once a
665 year, and generally represents the farmers' interest in grain and livestock, horticulture, and dairying. We receive a small appropriation from the State and tickets sold at the fair bring in the balance. My activities have brought me in close contact with the farmers of the State.

The principal crops in Nebraska are corn, wheat, oats, rye, barley, hay crops, sugar beets, and potatoes.

The following prices were quoted by Professor Filley, of the State Agricultural College, from local papers in Columbus. In July, 1920, the local market price of corn was \$1.50, wheat \$2.45, oats 90¢. In January, 1921, corn was 41¢, wheat \$1.50, and oats 32¢. In July, 1921, corn was 33¢, wheat 98¢, oats 24¢. July, 1922, corn was 47¢, wheat 90¢ and oats 28¢.

Mr. MYERS. Note an objection as hearsay, and with other reference to the general objection as to testimony of this character.

During this period I was producing and selling grain myself, and, after refreshing my recollection, I believe those to be the prices on the given dates. The trend of prices on corn, wheat, and oats during this period was downward. So sudden and extreme a fall in the prices of farm products was very unusual, and there was no corresponding drop in the prices of what the farmers bought. The effect was to reduce the purchasing power of the farmers to almost nothing and cause great distress. The farmers strongly resented the fact that the prices of their products were knocked to pieces while the prices of what they bought did not come down, and they tried to get along the best they could without buying. The general feeling among farmers was that they should repair their old
666 machinery and loan to each other. They repaired discarded machinery. Resolutions were passed at farmers' meetings not to buy farm-implement machinery, and they were advised not to buy editorial writers and farmers' representatives on papers. I do not consider that business in farm implements could have been resumed in 1921 without substantial reductions in prices by the implement companies.

I believe the automobile companies reduced prices.

Mr. ELLIOTT. Did that have any effect on the state of mind of the farmers as respecting similar reductions on implements?

Mr. MYERS. Note an objection to testifying to the effect of an occurrence on the mind of somebody else.

It naturally did.

During the last ten years there has been a tendency towards diversification of crops in Nebraska, and an effort has been made to increase poultry raising and dairying, which has resulted in some of the land being turned into clover, hay, and pasture, with less corn and wheat. To the extent to which grain raising was reduced, the sale of grain binders and corn binders would be diminished.

Cross-examination by Mr. MYERS:

My knowledge of competitive conditions in the harvester machinery business extends back to 1902. I recollect having seen at that time McCormick, Deering, Plano, Champion, Osborne, Milwaukee harvesting machines and Keystone corn shellers, a few Empires, some Walter A. Wood Company machines, and the Emerson-Brantingham standard mower. In 1918 the McCormick and
667 Minnesota State Prison and the Acme machines were sold.

The Champion, Osborne, and Milwaukee machines were then in use in different sections of the State to a considerable extent. With the exception of the Plano, the other machines have not been known in our part of the country for 25 or 30 years.

I would say that competition in the harvesting business is as keen as ever, although it is probably true that the number of companies

engaged in it has declined. I think the competition between International, Deere, Massey-Harris, and Emerson-Brantingham is as keen as ever, if not more so. In 1916, 1917, and 1918 our keenest competition was between John Deere and the International. In my immediate vicinity the three outstanding binders are the McCormick, Deering, and John Deere. There are probably more Deerings than John Deeres.

668 JOHN G. BROWN, being duly sworn, testified as follows (Feb. 13, 1924):

Direct examination by Mr. ELLIOTT:

I live at Monon, Indiana, and operate a five-hundred-acre farm near there. I have lived on the farm twenty-nine years. I was elected president of the Indiana Federation of Farmers' Association in March, 1919, and served in that capacity until January, 1923. Our membership in 1920 and 1921 was between seventy and eighty thousand; in 1922 it dropped to around sixty thousand. I was a member of the executive committee of the American Farm Bureau three years of that time, and retired from that in January, 1923. I was elected president of the National Livestock Producers' Association in January, 1922, and was reelected in January of this year. That association has about 300,000 farmer members. It is a national organization for the purpose of developing cooperative marketing of livestock.

Mr. MYERS. Petitioner desires to note an objection to further testimony in reference to the falling off of farm prices in 1921 and the consequent reduction in the purchasing power of the farmers. The Government has never disputed the fact that there was such a falling off; the only difference between the Government and the defendants on this score is as to the relevancy of the fact to the issues of the case.

I have been familiar with conditions of the farmers generally in Indiana during the last three years, and recall the drop in prices of farm products in the latter part of 1920 and during 1921. As a result a great many of the farmers, who had been living on a rather high plane, became very much alarmed because the prices of the products they were buying were still high and the prices of their products were very low, which curtailed their purchasing power a great deal. I have lost money on my own farming operations every year since 1920, and that condition was very general throughout the State.

669 The fact that the farmer's purchasing power had been seriously curtailed without a corresponding falling off in the prices of the articles he bought was the subject of discussion in farm bureau meetings, and in our meetings and through our publications we advised farmers to refrain from purchasing things that it was possible for them to get along without until the price of necessities was more nearly equal to the price of their products.

We advised farmers to repair and use old machinery and to exchange with their neighbors.

I know a Mr. Joseph D. Oliver, president of the Oliver Company, very well. He and I had different conferences, one of which was in January, 1921. At that time I told Mr. Oliver that the only way I could see to meet these economic conditions was for the manufacturers of industrial products to come down on a more equal basis with us, regardless of losses that they would have to take. If not, it meant that there would be a loss in the end because the farmers could not buy and were living on their capital and credit. I remember very well that Mr. Oliver agreed with me that it should be done, but that it would be very hard on the producers of certain industrial products.

I remember that there was a cut in the prices of implements in the winter and spring of 1921, but I do not think that prices of implements are comparable yet to the prices of farm products. Such cuts in prices as were made were necessary to move the goods.

670 HARRY G. BEALE, being duly sworn, testified as follows (Feb. 14, 1924):

Direct examination by Mr. ELLIOTT:

I have lived at Columbus, Ohio, since September, 1923. Before that I lived at Mount Sterling, Ohio, where I own a nine-hundred-acre farm.

I was one of the organizers of the farm bureau in Ohio and have been a member of the board of directors and an officer of the organization ever since. County farm bureaus had been in existence for some time before the State organization was created and I was active in the bureau in my county. The State farm bureau was organized in 1919. I was treasurer of the Ohio Farm Bureau Federation and also a director.

Mr. MYERS. Petitioner wishes to renew its protest against further encumbering the record with testimony as to a fact which the Government does not dispute.

There were over ninety-seven thousand members of the State association.

I recall the sudden and large drop in the prices of farm products in the latter part of 1920 and during 1921. That resulted in our farmers not being able to sell anything above the cost of production since the fall of 1920. Many farmers are on the verge of bankruptcy and there have been many foreclosures.

Mr. ELLIOTT. Can you state to us what has been the result of the operation of your own farm from 1917 up to the present time?

Mr. MYERS. Petitioner objects as incompetent, irrelevant, and immaterial to any possible issue in the case.

671 In 1917 my gross earnings were \$11,894.85; in 1918, \$13,706.83; in 1919, \$9,176.97; in 1920, \$12,962.38. In 1921 my books showed a loss of \$13,647.89; in 1922, a loss of \$2,234.73; and

in 1923 a loss of \$234.73. In arriving at gross earnings I deducted expense of operation and taxes but nothing for my managerial services.

I am a director of a county bank in Ohio. From my information obtained as president of the farm bureau and through my banking connections I would say that the results of my own farm operations would be typical of the general result in Ohio. There are some cases where the loss was heavier.

At the time of the first break in the price of farm products, at the end of 1920 and during the first part of 1921, there was a slight drop in the prices of manufactured articles which the farmer bought, but it was not comparable with the drop in the prices of farm products. The feeling in our meetings was that the farmer should refrain from purchasing anything except such articles as were absolutely necessary until the prices of materials they had to purchase were in line with prices of the commodities they sold. I, myself, have only purchased one new implement since 1920. We have been repairing our old implements, borrowing from our neighbors, lending to them, and trying to get along as best we could. We bought more second-hand tools than we ever purchased before. All of these things were done generally by the farmers.

There were some cuts in the prices of farm implements during 1921. It was necessary for the implement companies to reduce their prices in order to make any sales.

(No cross-examination.)

672 Charles E. HEARST, being duly sworn, testified as follows (Feb. 14, 1924):

Direct examination by Mr. ELLIOTT:

I live in Cedar Falls, Iowa, where I own and operate a four-hundred-acre farm. I raise cattle, hogs, corn, and small grain.

I helped to organize the third county farm bureau in Iowa, of which I was chairman the first year. I am now president of the State Farm Bureau Federation, which I helped to organize about five years ago. My work in this connection has brought me into close contact with all of the farmers of Iowa.

I recall the slump in the prices of farm products which caused me to mark down my inventory on one herd of cattle fifteen thousand dollars in one year. This was in 1920 and 1921.

The State farm bureau holds annual meetings. I attended the one in Des Moines in January, 1921.

Mr. MYERS, Petitioner refers to the general objection heretofore entered to this character of testimony.

About fifteen hundred farmers attended. I was on the resolution committee and the resolution quoted in the newspaper clipping from the Iowa Farm Bureau Messenger, was passed at the meeting.

Clipping offered in evidence as Defendants' Exhibit (S) 13:

"RESOLUTION ADOPTED AT THE SECOND ANNUAL CONVENTION OF THE IOWA FARM BUREAU FEDERATION ON JANUARY 5, 1921

"(Received from the Des Moines Branch House)

"Iowa Farm Bureau Messenger

"Second Annual Convention of the Iowa Farm Bureau Federation"

673 "It was a large and enthusiastic gathering of farm bureau workers that faced President Hunt when he called the second annual convention of the Iowa Farm Bureau Federation to order the morning of January 5. The opening attendance was full 70 per cent larger than the first-day attendance at the convention one year ago, while the total attendance ranged well up toward 1,500.

"RESOLUTIONS

"Resolutions were adopted as follows:

"Introduction

"The delegates to the Iowa Farm Bureau Federation in second convention assembled, appreciating the loyal support of our membership, the wise counsel of our directors and executive officials, the generous publicity given to our organization by the press, the consideration given us by our legislators, and looking forward to the further usefulness of our organization to our membership, our State, and our Nation, do hereby submit the following resolutions.

"(15) We deplore the attitude of farm machinery manufacturers in regard to the prices asked for their products, and we recommend to our farmers the careful repairing of all machinery that can economically be made serviceable. Furthermore, our farm bureaus should conduct an excess machinery inventory to facilitate the exchange of same, thus obviating as far as possible the necessity of purchasing new equipment. To this end we advocate a week to be known as "Repair week," requesting all farmers to get all machinery in workable shape."

674 The county farm bureaus have their regular meetings and the various counties organized and proclaimed a certain week in February as "Fix-up week." This occurred both in 1921 and 1922. The State office asked them to hold these meetings and to make an effort to fix up their farm machinery for another season's use. The purpose was to reduce the purchase of new implements. It was advocated that those having machines they did not wish to use should loan them to their neighbors. A good many sales of secondhand machinery took place. Following our resolution, the weight of our organization was put in back of these various meas-

ures and policies aiming to reduce or minimize the buying of new farm implements.

Beginning in the fall of 1921, there was a slight reduction in the prices of farm implements, but they were not sufficient to reestablish the relations of the farmers' buying power. Such reductions were necessary if the farmer was to buy.

(No cross-examination.)

675 WALTER E. PHILLIPS, being duly sworn, testified as follows (Feb. 14, 1924):

Direct examination by Mr. ELLIOTT:

I live at Decatur, Michigan, and own and operate a 120-acre farm of my own and have operated 80 acres in addition.

Mr. MYERS. Petitioner again urges a protest to further encumbering the record with testimony as to conditions about which there is no dispute and which are irrelevant to the issues in the case.

The organization of county farm bureaus in Michigan began about ten years ago. The State farm bureau was organized five years ago, and I have been active since its organization. I was a member of the board of directors for three years and also president of the organization in 1923. At the close of 1920 we had over 90,000 members.

The sudden and large decrease in the prices of farm products generally in the latter part of 1920 and 1921 affected the farmers of Michigan. Small grain, corn, potatoes, beans, fruit, and hay are grown in Michigan. As a result of the slump in prices of agricultural commodities, which placed them so much out of line with the prices of the supplies which the farmers had to purchase, the farmers were at a decided financial disadvantage. During the years 1921 and 1922 farming in Michigan has been decidedly unprofitable. A very large percentage of general farmers have been operating any loss. Their financial situation naturally affected their mental attitude, and it was the natural inclination to refuse to buy supplies that they could possibly do without.

Mr. MYERS. I will register one more objection to the inclusion of mental attitude.

This was a matter which was discussed at farmers' meetings almost universally and in the farm press. The refusal to
676 buy supplies of any kind that they could do without was freely advocated. They repaired old machines where possible and farmers loaned their neighbors tools which they were not using at the time, and this was the general practice throughout the State.

There were some reductions in the prices of farm implements in 1921, but those reductions were not equivalent to the decrease in prices of the farmers' products. Such price reductions on implements were absolutely necessary, if the implement companies wanted to do business with the farmers.

I am sufficiently familiar with the retail implement business in Michigan to say that there is active competition in that business. There are implement dealers handling different lines of agricultural implements in practically all of our market centers, and that is true of harvester machinery as well as plows, tillage, and other lines.

(No cross-examination.)

677 C. H. HYDE, being duly sworn, testified as follows (Feb. 18, 1924):

Direct examination by Mr. ELLIOTT:

I live in Alva, in the northwestern part of Oklahoma, where I have had a farm for thirty years. I raise wheat and livestock and have about eight hundred acres under cultivation.

Mr. MYERS, Petitioner notes another reference to the general objection against testimony as to conditions, and also calls attention to its protest against further evidence relating to facts not disputed by the Government which are irrelevant to the cause.

Since 1920 my books show that I have lost fifty thousand dollars; twelve or fifteen thousand on livestock.

I am vice president of the Oklahoma Farmers' Union, the largest farm organization in the State, and am familiar with conditions throughout Oklahoma. The farmers' union was first organized in Texas twenty-two years ago as an educational organization to discourage the mortgage system and to assist the farmers to form cooperative marketing associations, as well as to purchase necessities cooperatively. There is such a farmers' union in a number of States. It is strongest in what is generally termed the wheat belt of the Southwest—Nebraska, Kansas, Oklahoma, and Arkansas.

I recall the slump in the price of farm products during the latter part of 1920 and during 1921. The 1920 wheat crop started out about the same price as the previous year, but all of the crop was not loaded before the Esche-Cummins law went into effect, so that we did not get cars until after the freight rate was increased, and then the market went down. In the early part of 1921 the farmers'

buying power was lowered, but the prices of what they had to
678 buy remained about the same. Few of them had money and not much credit.

In 1920 I was a member of a grain-marketing committee of seventeen appointed by the president of the American Farm Bureau. I was one of four men sent to different States to explain the plan. We attended meetings in the States of Missouri, Kansas, Oklahoma, Texas, Colorado, Nebraska, Minnesota, and North Dakota, at which were present members of the farm bureau and grain dealers. Every farm organization in those States was notified to send delegates and did. These meetings were to consider the plight of the grain farmers. As a result of this tour of investigation I became familiar with agricultural conditions. These men would tell how their purchasing power had been reduced; many of them spoke of the principal thing they had to use—agricultural implements. In every case I think there was something

said about the price of agricultural implements remaining the same. One of the difficulties which brought about this trip was the lack of adjustment in prices between what the farmer had to sell and what he had to buy. Conditions seemed to be the same everywhere. I think the implement business was mentioned more than any other particular business, because we all had to use implements.

I was on a committee on resolutions at a meeting of the farmers' union in August, 1921, at which we took a rap at implements—their prices as compared with the prices of farmers' products. There was some reduction in the price of implements in the spring of 1921, but it was so little that it did not help us much.

Wheat is the principal grain crop in Oklahoma. In the eastern part of the wheat belt binders are used. In the middle and western part headers or combined threshers and harvesters are used.

679 That is a comparatively new machine. Three or four years ago was the first we got them in there. Everyone likes the combined machine. They cost too much for what wheat is worth. I mean the cost of the outfit. I do not mean the cost of harvesting a crop as compared with other machines; one of those machines will at least cut the harvesting and threshing costs in two. There would be two or three times as many of that type of machine sold if the farmers were able to buy them, and very few new binders or headers sold.

Mr. MYERS. Petitioner objects to testimony of this character.

680 In my county Case and International Harvester machines are used, also the Avery machine, which was a kind of portable thresher. I have seen a few Holt machines. The Avery is not a combined machine and sells for about half the price of the others. In Alva one dealer sells International harvesting machinery, the Case combined thresher harvester, and John Deere plows. Another dealer sells the Moline line of machinery and the Champion. The Ford people sell Oliver plows and some kind of harrow and drill and tandem discs and a little threshing machine and a binder built especially for the Ford tractors. There is competition with the International because they got the lead, since more of them were sold by the first dealer there. The other makes are for sale there and on just as good terms. The last binder I bought was a Deering.

The John Deere has been making headway since they took on their binder. I have seen several John Deeres. I use a Champion header. The Champion harvesting machines are well and favorably known in Oklahoma. As far as I have seen there is pretty active competition in the implement business in Oklahoma and there is the same kind of competition in the harvesting line as in the tillage line.

Cross-examination by Mr. MYERS:

I bought a Champion header in 1922. I did not know whether it was made by the International Harvester Company or not. There

were some Osborne machines sold fifteen or twenty years ago. I have not seen any since. I do not recollect that I have seen Milwaukee machines offered for sale in my territory in recent years. The Deering and McCormick came into the field about the same time but the Deering agent was a more popular man.

681 F. L. CARSON, being duly sworn, testified as follows (Feb. 9, 1924):

Direct examination by Mr. MULLEN:

My home is Wichita, Kansas, where I am engaged in banking, as I have been for the past ten or eleven years. I formerly operated a country bank in the Pan Handle of Texas. I had worked in country banks at Ashland and Cold Water, Kansas. Wichita is about two hundred miles southwest of Kansas City and about fifty miles from the northern boundary of Oklahoma. I have been in the First National Bank at Wichita for eight years. It is the largest bank in Kansas. Our total footings range from sixteen to seventeen million dollars. We do a general banking business, and have about three hundred accounts with banks located in southern Kansas, northern and southwestern Oklahoma, eastern Colorado, and the Pan Handle of Texas. We have had these accounts for a number of years, and they are distributed pretty generally over the territory, which is largely an agricultural territory. The principal crop is wheat.

We are in the center of perhaps the greatest hard-wheat belt in the United States. Hogs, cattle, alfalfa, kafir corn, oats, barley, are also raised.

We accept deposits of these local banks and make seasonal advances to them for crop moving and crop production.

Mr. MULLEN. In a general way how much percentage of a drop was there between January and November, 1920?

Mr. MYERS. Let me note a reference to the general objection to the relevancy of the testimony as to conditions.

I should say that the prices of our products generally were nearly cut in half between the first part of 1920 and the next eighteen

months. Farmers had no buying power to speak of as a result
682 of that. There was a falling off in the total footings in our

bank in 1921. The aggregate deposits in our bank of these three hundred country banks in July, 1920, was about eight million dollars. A year later their deposits were about four and one-half millions. I should say we loaned these three hundred banks in the summer of 1920 from three to four million dollars. A year later our loans were six million. The average farmer had no credit. The banks were forced to restrict it to absolute essentials. We told our customers and our country banks that everything the farmer raised had been cut in two in prices and that they should in self-protection hold off buying farm machinery or any other manufactured article until prices had been lowered proportionately. We

were forced to accept only liquid paper such as we could realize on. We did not consider notes given for farm machinery as liquid paper. We have always restricted capital loans to banks. We consider that a man's investment in farm machinery is part of his capital and restricted loans for that purpose.

Many farmers have failed. The average farmer in our country has been in a very deplorable condition financially. His credit has been cut off. He had heavy debts brought over from the war period. He had to pay high for labor and every commodity that he used in the face of short crops and low prices for his product. Our tenant farmers, to a considerable extent, have almost been wiped out. In a general way the tenant farmer's credit has been taken away from him.

When we started restricting credits, men who were indebted to the bank were required to liquidate.

683 This restriction of credit was general to all lines of trade. As these merchants and business men were borrowers, we naturally asked them to reduce their loans where we felt they were excessive. After this, beginning in 1921, there was a general tendency to cut prices in all lines of business in our part of the country. There were some reductions made in the price of farm machinery. All these reductions were necessary in order to merchandise goods.

In extending credit since 1920 we have asked our best and most responsible borrowers to limit their demands on us as much as possible.

The tenant farmer who expects to move on will hold a sale of his machinery. The general practice in our country is that a country bank will clerk the sale and usually accept the tenant farmer's paper. The bidding on secondhand farm machinery was greatly accentuated. The farmer would buy any sort of secondhand machinery, first, because the terms of the sale provided that he could buy it on credit, if he had any sort of security, and, second, because he could take that secondhand machinery and salvage pieces of it and renovate his own machinery with them. As far as the country bank's position was concerned, it was merely shifting liability. It merely shifted John Jones' indebtedness to Bill Smith, having John Jones' additional guaranty.

Cross-examination by Mr. MYERS:

I have been a banker eleven years.

684 EDWIN H. VAN HORNE, being duly sworn, testified as follows (Feb. 9, 1924):

Direct examination by Mr. MULLEN:

I live at St. Joseph, Missouri. I have been engaged in the banking business since February, 1907. Until March 1, 1913, I was located at Pawnee City, Nebraska. The succeeding four years, I was State bank examiner of Nebraska and since June 1, 1917, I have been connected with the American National Bank at St. Joseph which is in the northwestern part of the State. The territory we

serve in southwest Nebraska, southwest Iowa, northeast Kansas, and northwest Missouri. As a bank examiner I traveled over what is called the South Platte territory and I became well acquainted with banking conditions in the State of Nebraska. Pawnee City is ninety-six miles west of St. Joseph. I am a cashier with the American National Bank. We have many accounts with different local banks in the territory I have mentioned. Our main competition is with Kansas City. We have about two hundred and fifty country bank accounts which we have had since 1919. The principal crop in this territory is corn. We also raise wheat, oats, alfalfa, hogs, cattle, and tobacco, and it is a very high-grade farm country.

Mr. MULLEN: Do you remember a falling off in the prices of agricultural products during the year 1920?

Mr. MYERS: Let me note a reference to the general objection at this time.

In January, 1920, to the first of the following January there was a falling off in the prices of agricultural products of about fifty per cent. This depreciated price has continued to some extent down to the present. There has been some rise in corn since 1922. 685 The farmers were without funds to liquidate their debts at the bank and their buying power was very materially curtailed.

Our deposits averaged about ten million dollars in the early summer of 1920. From that time until the early part of 1921 they were reduced to less than six million dollars, largely through a reduction in the country bank deposits. The peak of our country bank deposits was reached in March, 1920, when they went to about six million dollars, between six and seven million. They were reduced to about \$1,750,000 in 1921. We made loans where necessity demanded it to keep the bank open and to keep their loans in good condition because they were not able to reduce them as rapidly as the deposits were going down. At the time deposits from these banks were six million dollars, our loans were around four million. Our loans increased a little during 1921, even though we got many of the country banks to reduce their indebtedness to us. They were not able to collect from the farmer as fast as the deposits went down. This condition was generally true throughout that territory. There was a general effort made by the banks to liquidate. We urged our country banks to collect as far as they were able, to discourage people from buying unless it was absolutely necessary, and to try to collect a part from everybody. We suggested to the country banks that credits be limited in every way possible. In fact, we were in line with the buyers' strike. Our bank had not made capital loans, but we tried to discourage that among the customer banks.

Buying machinery would be a capital loan, because the farmer was already in debt to the bank and it was carrying him on and furnishing capital year after year. The farmer, as a general thing, does not borrow money for ninety or a hundred and eighty days

with the expectation of liquidating the debt at maturity and it is carried along indefinitely. It may be reduced a little or increased, but we call it a capital loan because it is not liquidated at maturity.

The general average of our deposits was ten million dollars. It reached the peak of thirteen million dollars in March, 1920.

After the slump in prices, real estate values declined. There was no farm selling. The increase in freight rates had something to do with the slump in prices.

The general slump applied more particularly to the farmer, because his commodities were reduced in proportion more than other commodities that he had to buy, and those commodities did not fall in price in the same proportion. Some reduction was made in prices during 1921, which applied to all likes, mercantile as well as agricultural implements. I think those reductions were necessary because the farmer would not buy otherwise. If they wished to do business at all, sellers of farm machinery had to reduce prices in 1921.

(No cross-examination.)

687 WALTER W. HEAD, being duly sworn, testified as follows (Feb. 12, 1924):

Direct examination by Mr. MULLENS

My address is Omaha, Nebraska. I am president of the Omaha National Bank. I started in banking twenty-one years ago as manager of a bank at De Kalb, Missouri. I served as bank examiner for two years; later I was manager and then vice president of the American National Bank at St. Joseph, Missouri. About seven years ago I came to Omaha. In deposits the Omaha National Bank is the largest bank in Nebraska. It has about five hundred and fifty country-bank correspondents. The highest number it ever had was over six hundred. These are located in Iowa, Nebraska, South Dakota, Kansas, Colorado, Wyoming, Montana, Idaho, Oregon, and Washington.

In September, 1923, I was elected president of the American Bankers Association. I have been a farmer all my life and own over two thousand acres of land near St. Joseph. I run over five hundred acres on my own account and have a partnership with the men who are operating the remainder. I remember the slump in the value of agricultural implements in 1920 and 1921.

Mr. MYERS. Note at that point a reference to the general objection as to evidence of this character being irrelevant.

I sold wheat in July, 1920, from two dollars and sixty to two dollars and sixty-five cents a bushel. A year later I sold it for a little more than a dollar. Cattle and corn also fell. I saw corn in eighteen months fall from two dollars a bushel to about thirty-six or thirty-seven cents.

From the high time in 1920 to the low time in 1921 our bank deposits were reduced from thirty-one million to eighteen million dollars. This condition was true in all parts of the country—in the agricultural section. In the spring of 1920 our bank 688 deposits from country banks ran from around sixteen million to seventeen million dollars, the highest in the history of our bank; at the low point in 1921 they fell to about six million dollars. Our loans to the country banks increased in 1920 and reached their peak at the end of that year and the early part of 1921—about fourteen million dollars. When agricultural products sold high, the proceeds increased the deposits in the country banks. When the slump came they were withdrawn to care for the indebtedness incurred during the inflation. Our farmers found it necessary to borrow more. Country banks frequently could not collect and drew on us for further loans. Farmers did not anticipate such a rapid fall and were frequently unable to meet obligations.

The ability of the country banks to care for their customers was very materially lessened because of the tremendous reduction in deposits. The average country bank reached the place where it could not make new loans to farmers. There was a tendency to ask business men to reduce their stocks. Credit was confined to caring for those already engaged in business. Slight reductions were made in the prices of manufactured products, but by no means such marked reductions as in the prices of what the farmers sold. In 1921 very little farm machinery was bought. Prices were reduced. Such reductions were not only necessary but they were of insufficient amount to meet the needs of the farmers under the conditions. Purchase of farm machinery was discouraged by country banks because of the lack of capital on the part of both the bank and the farmer.

The farmer's investment differs from that of a business man in that it is regarded as permanent, rather than liquid. A loan to a farmer is considered a capital loan. These conditions have 689 continued, but with some relief. Prices of corn have advanced materially. Late in 1922 there was some relief. It cost me money to maintain my farm in 1921.

In the country served by my bank the farmers raise corn, wheat, oats, alfalfa, barley and hay, cattle, sheep, and hogs.

(No cross-examination.)

690 CLIVE T. JAFFRAY, being duly sworn, testified as follows (Feb. 14, 1924):

Direct examination by Mr. MULLEN:

My address is care of the Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, Minneapolis. I have lived in Minneapolis for 37 years and was engaged in the banking business until January 1, 1924, when I became president of the Soo road, succeeding George R. Huntington, who died in November. At that time I was presi-

dent of the First National Bank of Minneapolis, which is the largest bank in the northwest and serves trade in Minnesota, the two Dakotas, Montana, part of Wisconsin, and part of Iowa. The peak amount of deposits was 87 millions in 1920, after which they declined to 55 millions in 1921.

Petitioner refers to the general objection heretofore offered to testimony of this character and also refers to the protest recorded against testimony on matters which are not disputed by the Government.

In 1920 and 1921, 1,800 country banks distributed over the States mentioned dealt with the First National. The peak amount of the deposits of these country banks with our bank was about 30 millions in 1919. Then they declined to about 15 millions, the low point, in 1921. We loaned money to these country-bank correspondents. The high figure was reached in the fall of 1921 and was 22 millions. Previous to 1920 our loans rarely exceeded 12 millions. During the war in 1918 and 1919 country-bank loans were increased for purposes of buying additional land, building additional buildings, buying things that were not on the farms previously, and in many cases borrowing money from the country banks to pay. Then the price of wheat in 1920 in Minneapolis was \$3 a bushel or more, which en-

couraged the farmer to put in quite an acreage at a very heavy expense. The crops were not good that year and harvesting was expensive. Labor was high, running from \$4 to \$6 a day during the harvesting season. Twine was high and threshing exceedingly expensive, the average price charged for the use of the threshing machine being \$25 an hour. Prices of wheat dropped from \$3 to \$2.50 and then to \$2. The farmer was encouraged to hold his crop for \$3 and borrowed money from the country banks to pay his labor, threshing bills, and living expenses and then was forced to sell at as low as \$1.50, all of which was reflected in the country banks. Our country-bank deposits have been running down since 1920, but the increase in loans was the natural consequence of the inability of the farmers to pay their debts.

There was a falling off also in the price of flax, oats, and cattle. Flax is quite an important crop in North Dakota and Montana. Dairying is confined to Minnesota, a small section of North Dakota, and a small section of South Dakota.

The early spring is the time country bankers have to have money in order to help farmers in their seeding operations and carry them through until the crops come in. In 1920 and 1921 we had practically a crop failure, with the result that the banks which had advanced money to the farmers were caught in the fall of 1921 with a very small liquidation. This resulted in, I would say, about 200 bank failures, particularly in North Dakota and Montana and some in northern Minnesota.

I am a third owner of 4,000 acres of the finest wheat land there is in the Red Rivery Valley of Minnesota. We hire a foreman. Since 1920 our farm has lost more than \$15,000 a year.

In many cases farmers have been forced to leave the farms. Their farms have been foreclosed on and in many cases they are on the farms by sufferance. Taxes are unpaid and have increased from 50 to 100% and freight rates have increased. The small-grain farmer has not made money since 1919. With the crops they
692 have had and with the cost of harvesting the crops it has not been possible for them to make any money or have any surplus with which to pay debts. The price of wheat has gone down to normal, while the price of everything the farmer has had to buy is 50 to 100% more than it was a few years ago. Land values have fallen off 25 to 50% in some sections of the country. There has been no material falling off in the cost of things which the farmer has had to buy except for a short time in 1921, but the decrease in costs to the farmer was very small in proportion to the decrease in the prices received for his products. There was a slight reduction in the prices of farm machinery, I imagine for the purpose of encouraging the farmers to buy. They were necessary reductions, and the prices are not low enough yet. I am talking as a farmer.

When the 1920 crop was sold, country bankers discovered they had loaned the farmers more than they could possibly pay out of that crop. The constant reduction in deposits compelled the bankers to liquidate and to force collections wherever possible, and that was the general policy throughout that whole country.

Every spring when the farmer begins to put in seed there is a certain amount of money which a bank will loan in small amounts, nothing of importance. There was at this time no extension of credit for new enterprises. I would say in a great majority of the cases the implement dealers in the Northwest have been unable to borrow any money during the last two or three years.

Since 1920 implements have not been considered good security by the banks.

Cross-examination by Mr. MYERS:

In 1920 large credits were extended to the farmers which cover the purchases of additional land, additional buildings, tractors, farm lighting systems, anything which might improve their farms, and automobiles.

693 JOHN C. BASSETT, being duly sworn, testified as follows (Feb. 16, 1924):

Direct examination by Mr. MULLEN:

I have been a banker at Aberdeen, South Dakota, for thirty-six years. At the present time I am president of the Aberdeen National Bank, vice president of the First State & Savings Bank, and director of the Federal reserve bank of Minneapolis.

Mr. MYERS. Petitioner desires to note a reference to the general objection to testimony of this character and to refer again to the protest against burdening the record with testimony regarding facts which are not disputed by the Government and which are irrelevant to the issues in the case.

The Federal reserve bank serves the States of Minnesota, North and South Dakota, Montana, northern Wisconsin, and the northern peninsula of Michigan. The Aberdeen National Bank is the largest of the six banks in town and is the largest bank in the State. Aberdeen is in the northern central part of South Dakota.

Formerly wheat was the principal crop, but in the last two years farmers are doing diversified farming; dairying and corn raising. I should say the corn crop has at least tripled. The creamery business has been increasing since 1920.

In 1919 we had a good wheat crop, but in 1920 we had a small crop due to rust.

The falling off in prices and the shortage of crops materially reduced the business of the banks. In 1920 we had ninety country banks dealing with our bank located in a radius of one hundred and fifty miles. Our high deposits were in 1919 a few thousand over four million dollars. In December, 1920, we dropped to two mil-

694 lion nine hundred and sixty thousand dollars. In 1921 we dropped still further. This year our condition is improved on account of the good corn crop and increase of hogs and so forth. I would say that the country-bank deposits declined more in proportion than the general deposits. On account of the previous

larger lines of credit given the farmer, the country banks endeavored to reduce their credits; deposits were running down and they were not able to liquidate loans to keep pace with the falling off in deposits. In the smaller banks it was impossible for them to give credits. Credit was limited to actual necessities. Our bank did not grant credit for new buildings or expansion. We advised the farmers not to buy machinery and the merchant to reduce his stock.

I have never experienced such a rapid, tremendous drop in farm products since I have been in the business. The fall in the prices of what the farmer has to buy was comparatively very small. The reductions in the prices of what the farmer had to buy in 1921 were necessary, if dealers were to sell any goods. I think further cuts would have been desirable.

All kinds of harvesting machinery is handled in Aberdeen. I would say that the price cuts were proper, both from the standpoint of the dealer and the farmer.

The change from wheat to corn and dairying has naturally changed the class of machinery sold. Sales of twine binders have been reduced; corn binders have been increased.

When this drastic deflation took place, the question was not whether a man could give good security, but whether he needed credit. Real estate values depreciated very materially.

There has been little selling of real estate since 1920 in that part of the country. The mortgage companies have foreclosed quite
695 a good many farm loans lately. 1919 was the last year farmers made money on wheat.

Cross-examination by Mr. MYERS:

Large extensions of credit to farmers prior to 1920 were sometimes made for the purchase of lands. Implement men did a pretty good business up to that time. The farmers went into the period of deflation fairly well equipped with farm machinery as compared with other periods. During those banner years farmers invested in automobiles, light systems, pumping systems, and improved their living conditions very materially. My bank made no loans on automobiles.

Redirect examination by Mr. MULLEN:

After the period of deflation came along the general policy of the banks was not to loan money on automobiles.

696

PETITIONER'S EVIDENCE IN REBUTTAL.

697 WILLIAM M. REAY, called in rebuttal, testified as follows (Apr. 28, 1924):

Direct examination in rebuttal by Mr. MYERS:

A statement entitled "International Harvester Company. Income Taxes Paid, 1916 to 1922, inclusive," was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 133.)

There has been a refund in 1924 of certain taxes paid from the years 1889 to 1919, inclusive. There have been no awards by the Treasury Department on account of taxes heretofore paid which have not been paid. What we have received is final up to the end of 1919 and we have no other claims pending.

Statement entitled "International Harvester Company. Interest paid, 1916 to 1922," was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 134.)

These items of interest, for the several years stated, are the total items of interest allocated over the sales to outside customers
698 of iron ore, pig iron, steel, billets, finished steel products, and so forth, contained in the table heretofore prepared by Mr. Allen from exhibits prepared by me and, together with the Federal taxes, allocated in the same way, constitute the total deductions to be made from this table in ascertaining the profits without deduction of Federal taxes and interest charges. You will find other deductions for appropriations and so forth in order to bring these figures down to the net profits as shown in the annual report.

Referring to petitioner's Exhibit (S) 70, being a statement of profit on sales to other customers of iron ore, pig iron, steel, billets, and finished steel products which gives the profit before deducting interest and Federal taxes, there are no other items to be deducted to arrive at what we have termed as the operating profit, but there may be other financial deductions such as appropriations toward the pension fund or reserves other than the depreciation and depletion reserves in arriving at the final figure of financial net profit.

In order to show the net profits on the several items of sale included in petitioner's Exhibit (S) 69 to 73, inclusive, I will prepare a statement apportioning over those sales the several reserves and appropriations marked "heretofore accounted for" in the same way I have apportioned the Federal taxes and interest charges in petitioner's Exhibit (S) 120 to the extent applicable.

A statement entitled "International Harvester Company. Summary of total sales, including machines, repairs, twine, steel, lumber, fibre, and so forth, with machines divided as between "old lines" and "new lines" and showing the percentage of each classification to the total sales by years, 1903 to 1923," was prepared under my direction and is correct.

69 (Offered in evidence as petitioner's Exhibit (S) 135.)

The International Harvester Company first engaged in the manufacture of seeding machines in 1920 when it acquired the plant of the Richmond works of the American Seeding Machine Company located at Richmond, Indiana. The International Harvester Company purchased seeding machines of the American Seeding Machine Company from 1913 to the date of the acquisition of the Richmond plant. The American Company had other plants.

The principal items classified under "Purchased goods" in petitioner's Exhibit (S) 135 are threshers purchased from the Bell City Manufacturing Company, of Racine, Wisconsin; wagons from the Keller Wagon Company, of Corydon, Indiana. We have purchased Meadows mills and feed mills, but I believe we have discontinued that line.

Classification of seeding machines in our business is confined to grain seeders and drills.

A corn planter, of course, is a seeding machine used for seeding corn, but it is always referred to as a planter in the trade. Corn planters are not, and never have been, manufactured at the Richmond works. When the Richmond plant was acquired, the so-called Hoosier and Kentucky lines of grain drills and seeding machines were manufactured there and these lines—that is, all lines of grain-planting machinery except corn planters and cotton planters—have been continued.

70 A statement entitled "International Harvester Company. Comparative statement of surplus. Years 1916 to 1922," was compiled under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 136.)

701 The purchase price of the real estate, buildings, machinery, and equipment of the Richmond works was \$1,990,000. The International Harvester Company paid about \$550,000 for the plant property of the Chattanooga Plow Company and approximately \$2,300,000 for the real estate and plant property of the Parlin and Orendorff Company.

A statement entitled "International Harvester Company, summary of income accounts, years 1916 to 1922," was prepared under my direction and is correct, subject to a certain amount of estimation required in a statement of this character.

(Offered in evidence as petitioner's Exhibit (S) 137.)

None of the ore properties of the International Harvester Company is held otherwise than by leasehold. Ore leases in addition to those taken over from the Deering Company have been acquired. The rate of royalty per ton varies between the different leases. I will ascertain the dates, amounts paid, rates of royalties, and amounts expended for the several leases. The amounts charged off for depletion of these leases each year vary in accordance with the terms and conditions of each lease and the amount of ore to be mined. I also charge off depreciation on the buildings and so forth over the estimated life of the ore bodies.

A statement entitled "International Harvester Company, statement of income taxes, (A) as paid and (B) as finally adjusted, 1913 to 1919," was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 138.)

A statement entitled "International Harvester Company, estimated apportionment of capital invested in domestic and foreign business, years 1913 to 1922," was prepared under my direction and is the closest estimate possible. The real estate and plant property devoted to the manufacture of machines, repairs, and twine for the foreign sales and domestic trade are practically indivisible.

(Offered in evidence as petitioner's Exhibit (S) 139.)

702 A statement entitled "International Harvester Company, statement showing original capital stock and amounts since issued, October 1, 1902, to December 31, 1922," was prepared under my direction and is correct.

(Offered in evidence as petitioner's Exhibit (S) 140.)

(Following is a statement incorporated into the record as part of the testimony of this witness without being given an exhibit number.)

INTERNATIONAL HARVESTER COMPANY

IRON-ORE PROPERTIES

As a part of the Deering properties purchased by the International Harvester Company in 1902, leases were acquired on the Mesaba Range properties known as the Hawkins and Agnew Mines. The royalty on the Hawkins Mine is 21½ cents per ton of crude ore,

but on account of the approaching expiration of the present lease in 1932, negotiations are in progress for a new fifty-year lease. These negotiations are practically completed, and if the new lease is executed as now drafted, the royalty rate effective as of January 1, 1924, will be 55 cents per ton of crude ore.

The royalty rate on the Agnew lease is 25 cents per ton of crude ore. This mine has not been in operation since 1919, being held as a reserve.

A lease on the Mesaba Range property known as the Sargent Mine was acquired in 1918 for a cash bonus of \$50,000. The royalty rate is 75 cents per ton of crude ore. The investment as of December 31, 1923, in stripping, development, and plant was \$901,897.29.

A lease on the Mesaba Range property, known as the Bruce Mine, was acquired in 1920 for a cash bonus of \$250,000. The royalty rate is 70 cents per ton on class A (high-grade) ore and 50 cents per ton on class B (low grade) ore. This mine has not yet been developed or operated. The capitalized carrying charges amounted to \$189,288.22 as of December 31, 1923.

In addition to the above leases, the International Harvester Company owns one-tenth of the capital stock of the Hoyt Mining Company, which owns and operates the lease on the Scranton Mine on the Mesaba Range. The International Harvester Company investment in this property amounted to \$523,100 as of December 31, 1923.

The rate of depletion of iron ore at the Hawkins Mine from 1903 to 1912 was 22½ cents per ton. Since that time, owing to the larger tonnage mined, the rate has been 30 cents per ton. The rate at the Agnew Mine has been 37½ cents per ton. At the Sargent Mine it is practically nothing, being absorbed by way of depreciation.

The Russian company is the International Harvester Company in Russia; it was organized in the State of Maine, and the capital stock is 31½ millions. The other companies operating in foreign countries are—

International Harvester Company of Canada, Limited; capital stock, 15 millions; capital stock investment, per books, 15 millions.

International Harvester Company of Australia, Proprietary, Limited; capital stock, 600,000 pounds, \$2,880,000.

International Harvester Company, Belgique, S. A.; capital, 250,000 francs, \$25,000.

Denmark Company; capital, 500,000 crowns, \$131,578.95.

French Manufacturing Company; capital, 30 million francs, \$3,164,181.63.

French Selling Company; capital, 2½ million francs, \$480,769.23.

German Selling Company; capital, 1 million marks, \$238,095.24.

German Manufacturing Company; capital, 6 million marks, \$1,428,571.43.

British Company; capital, 5,000 pounds preferred stock, 45,000 pounds common stock; \$240,000.

- New Zealand Company; capital, 150,000 pounds, \$720,000.
704 Norwegian Company; capital, 1 million crowns, \$263,157.90.
Swedish Company; capital, 3 million crowns, \$789,473.68.
Swiss Company; capital, 150,000 francs, \$28,846.15.

The amounts in dollars are as they appear on the books December 31, 1922.

Referring to petitioner's Exhibits (S) 69 to 73, the amount of any further deduction from the profits on sales of steel products and timbers is practically offset by the amount of the tax refund recently received applicable to that group of properties, and any difference from the figures already presented would be inconsequential.

Cross-examination by Mr. ELLIOTT:

The figures shown in petitioner's Exhibit (S) 137, which shows the division of operating profit between the United States and foreign business, represent a profit in excess of the average profit on the company's steel business. Those figures cover the war period and post-war boom period. The average annual profit per ton on the steel business is slightly less than \$10. The average annual steel profit for the 15-year period would be approximately \$3,300,000.

Mr. ELLIOTT. Could you estimate about what the profit per binder was over this longer 15-year period in view of your statement that the average profit per ton of steel product was \$10.00?

Mr. REAY. That would produce a similar steel profit of about \$3.00 per binder.

Objected to by petitioner on ground that it was not cross-examination.

The armistice was followed by a period of deflation and the business and farming catastrophe in 1921 and 1922. Since 1920 particularly, the foreign farmer has not been affected by the same causes which have injured the American farmer. These causes, including the high transportation rates, inured to the benefit of the

foreign farmer especially in western Europe, where he had
705 large sales. The general level of farm products there was higher than the level of other commodities, and the farmer

was eager to buy farm implements to increase his farm production, where as the American farmer was compelled to refrain from purchasing during that period. The foreign business did not feel the post-war boom followed by a slump to the same degree that domestic business did, and the International Harvester Company was not under the necessity of liquidating a large, high-cost inventory on a collapsed market as it was in this country in 1921, except in a minor degree in certain localities.

706 J. W. ALLEN, called in rebuttal, testified as follows (Apr. 28, 1924):

Direct examination by Mr. MYERS:

I have prepared a statement in form of index numbers giving the price changes for the International Harvester Company on certain lines of implements not included in defendants' Exhibit (S) 20,

which was prepared from data submitted by representatives of the International Harvester Company. This statement has been submitted to representatives of the International Harvester Company, and is correct.

(Offered in evidence as petitioner's Exhibit (S) 141.)

Cross-examination by Mr. ELLIOTT:

I understand that all of these machines for which I have computed the individual price index were included in defendants' Exhibit (S) 20 in the weighted average figures shown there for the entire business. They were not included in the index numbers which they submitted.

In United States District Court

Judge's certificate to statement of evidence

Forasmuch as a condensed statement of all said evidence is required by the equity rules to be prepared and filed by the petitioner with the clerk of said District Court and to be approved by the court, the petitioner presents this its statement of all said evidence which is pertinent or material to the appeal thereof consisting of two volumes containing the testimony in condensed and narrative form (marked "Transcript I and II") and two volumes containing copies of the exhibits of the respective parties, marked ("Transcript III and IV"), and prays that it may be duly certified and approved by the court, which is accordingly done this 3rd day of November, A. D. 1925.

WALTER H. SANBORN,
KIMHOUGH STONE,
ROBT. E. LEWIS.

709 In United States District Court

[Title omitted]

Before SANBORN, STONE, LEWIS, and KENYON, circuit judges.

710 *Opinion*

May 19, 1925

SANBORN, Circuit Judge, delivered the opinion of the court.

This case was argued and submitted to the four circuit judges named above, but after an examination of the record Judge Kenyon considered himself disqualified and took no part in the conferences concerning or the decision of the issues the case presents.

In the year 1912 the United States brought this suit against the defendants under section 4 of the antitrust act, sec. 8823, U. S. Compiled Statutes, to enjoin them from the undue and unreasonable monopolization or restraint of interstate commerce in the United States in harvesting machines and other agricultural implements.

The defendants answered the complaint, much evidence was introduced, a decree was rendered on August 15, 1914, an order modifying this decree was made on October 3, 1914, and on November 2, 1918, a consent decree was rendered for the purpose of restoring and maintaining competitive conditions in the United States in interstate commerce in harvesting machines and other agricultural implements, to the effect that (a) the International Harvester Company, its officers, directors, and agents were prohibited after December 31, 1919, from having more than one representative in any city or town in the United States for the sale of their harvesting machines and other agricultural implements; (b) that it should sell at reasonable prices the harvesting machine lines and their appurtenances then made and sold by it under the trade names "Osborne," "Milwaukee," and "Champion" to independent responsible manufacturers of agricultural implements in the United States; (c) that it should also offer and endeavor to sell at reasonable prices in connection with such harvester lines the "Champion" harvester plant and works at Springfield, Ohio, and the "Osborne" 711 harvester No. 1 plant and works at Auburn, New York; (d) that in case any of the said three lines, plants, etc., should not be sold within one year after the close of the war, it should at the request of the United States be sold at auction; and (e) that in the event that such competitive conditions should not have been restored at the expiration of two years from the entry of the decree, or by November 2, 1920, the United States should have the right to such further relief here as should be necessary to restore said competitive conditions and to bring about a situation in harmony with law.

The International Harvester Company complied with the requirements of clauses (a), (b), (c), and (d) of the decree and claimed to have complied with the requirements of clause (e), but on July 17, 1923, the United States filed in this court its supplemental petition, not on the ground that the International Harvester Company had failed or refused to comply with any of the specific requirements of clauses (a), (b), (c), and (d) of the consent decree, but on the ground that it was nevertheless unduly and unlawfully monopolizing and restraining interstate commerce in harvesting machinery and its appurtenances, and it prayed, for a further decree "that the business and assets of the defendant, the International Harvester Company, be separated and divided among at least three separate, distinct, and independent corporations," and for other relief of a kindred nature. The International Harvester Company by its answer denied that it was or had been since the decree of November 2, 1918, unreasonably monopolizing or restraining interstate commerce in the harvesting or other machinery it was manufacturing and selling and alleged that such commerce was and long had been free and unrestrained, that the competition in it was keen and free, and that the prices of its products to consumers were low.

712 Upon the issues thus presented many volumes of evidence have been introduced, learned and instructive arguments have been heard, elaborate briefs have been submitted, and all these have received the consideration of the court. The questions for decision, however, are questions of fact; no good purpose would be served by reciting the evidence which has convinced us, and it is impracticable to do so within the reasonable limits of an opinion. We content ourselves with a statement of our conclusions.

The evidence in this case has convinced not only that it fails to prove by a fair or any preponderance thereof that the International Harvester Company, since the sale of the "Osborne," "Milwaukee," and "Champion" lines and their appurtenances, has been or is unduly or unreasonably monopolizing or restraining interstate commerce in harvesting machines or their appurtenances in the United States, but in our opinion it conclusively proves that it has not done and is not doing so; that competition in the manufacture and sale of harvesting machines and their appurtenances in interstate commerce in the United States has been and is free and untrammelled; that the percentage of all such machines that were made and sold by the International Harvester Company has decreased from about 85% (at the time of the decree of November 2, 1918, to between 64% and 72%); that powerful and successful independent competitors of the Harvester Company contest the field with it and that in their presence it can not and does not control or dictate the prices of the harvesting machines and their appurtenances which it and its competitors make and sell; that the prices of its machines and appurtenances to the dealers and to the farmers who use them, in proportion to their costs, have decreased and are low. The purpose of preventing undue restraint of trade is to prevent unreasonably high prices to the purchasers and users of the articles traded in. The evidence in this case satisfies us that these objects have been successfully attained under the decree of November 2, 1918, the defendant's 713 compliance with its requirements and their conduct of their interstate commerce in harvesting machines and their appurtenances since the rendition of that decree.

The supplemental petition of the United States filed in this case on July 17, 1923, therefore must be and it is hereby dismissed.

714 In United States District Court

[Title omitted.]

Dissenting opinion

STONE, Circuit Judge, dissenting:

1. The decree in this case provided (a) that defendant, International Harvester Company, was an unlawful combination; (b) that it should be dissolved "into such number of parts of separate and distinct ownership as may be necessary to restore competitive

conditions and bring about a new situation in harmony with law"; (c) that the defendants be given an opportunity to present a plan "for such separation and division"; (d) that if defendants did not present such plan, the court would entertain an application for a receiver; (e) that jurisdiction was retained "to make such additional decrees as may be necessary to secure the final winding up and dissolution of the combination and monopoly complained of." That decree was made final by dismissal of defendants' appeal therefrom to the Supreme Court and by express statement in the consent decree or order entered November 2, 1918.

2. An agreed plan "for carrying into effect the order contained in said decree that the combination and monopoly therein adjudged to be dissolved" was set forth and approved in the decree or order of November 2, 1918.

715 That plan provided (a) that the Osborne, Milwaukee, and

Champion lines of harvesting machines (then being made and sold by defendant, International Harvester Company), as well as the plants where such lines had formerly been made, should, within a stated time, each be sold to separate responsible manufacturers of agricultural machinery which were free from control of defendants; (b) that unless competitive conditions were restored in harvesting machinery within a stated time, the plaintiff might apply for such further relief as necessary to such restoration; (c) jurisdiction was retained "to carry into effect the provisions of the decrees herein entered."

3. The test period for the above plan having expired, the plaintiff presents its application and case for further relief and asks dissolution of defendants' business and assets into three separately owned companies or groups, one of which shall include the Deering lines, one the McCormick lines, and one the material companies.

Defendants present no counterplan but stand upon their contention that the plan now in operation has proven such a dissolution of the business as to restore competitive conditions.

4. I think the evidence upon the application shows that the plan has entirely failed to restore genuine competitive conditions. True competition does not exist where one of the "competitors" so entirely dominates the particular industry or trade that it can and does dictate the "competitive" prices. Competition which depends upon the sufferance of one of the competitors is a complete sham. This evidence convinces me that the International has such advantages in resources, organization, selling mediums, production costs, ownership, and manufacture of raw material (steel) and in volume

716 and spread of business as to be able completely to dominate this business. Also that it does so control and dominate by regulating prices. The International fixes prices for its own harvesting machinery, and the other manufacturers prudently govern their prices thereby.

5. I think the court should consider means to restore real competitive conditions, either by carrying out some division of assets and property in accordance with the decree or by orders which will prevent the harmful exercise, by defendants, of the existing power to control this vital industry.

717 In United States District Court

[Title omitted.]

Modification of opinion of Sanborn

Filed May 22, 1925

In order to correct a mistake which was made on the fourth page of the opinion of the court in the statement of the percentages of the harvesting machines and appurtenances that were made and sold in the United States, which were made and sold by the International Harvester Company,

It is hereby ordered that a copy of page four (4) hereto attached be substituted by the Clerk of this Court for the fourth page of said opinion, and that the fourth page withdrawn from the opinion be attached to and filed with this order.

Approved:

WALTER H. SANBORN,
Presiding Judge.

718 and instructive arguments have been heard, elaborate briefs have been submitted, and all these have received the consideration of the court. The questions for decision, however, are questions of fact; no good purpose would be served by reciting the evidence which has convinced us and it is impracticable to do so within the reasonable limits of an opinion. We content ourselves with a statement of our conclusions.

The evidence in this case has convinced not only that it fails to prove by a fair or any preponderance thereof that the International Harvester Company, since the sale of the "Osborne," "Milwaukee," and "Champion" lines and their appurtenances, has been or is unduly or unreasonably monopolizing or restraining interstate commerce in harvesting machines or their appurtenances in the United States, but in our opinion it conclusively proves that it has not done and is not doing so; that competition in the manufacture and sale of harvesting machines and their appurtenances in interstate commerce in the United States has been and is free and untrammelled; that the percentage of all such machines that were made and sold by the International Harvester Company has decreased from about 85% in 1902 to about 64% at the time of the decree of November 2, 1918, and ever since; that powerful and successful independent competitors of the Harvester Company contest the field with it and that in their presence it can not and does not control or dictate

the prices of the harvesting machines and their appurtenances which it and its competitors make and sell; that the prices of its machines and appurtenances to the dealers and to the farmers who use them, in porportion to their costs, have decreased and are low. The purpose of preventing undue restraint of trade is to prevent unreasonably high prices to the purchasers and users of the article traded in. The evidence in this case satisfies us that these objects have been successfully attained under the decree of November 2, 1918, the defendant's com-

719

In United States District Court

[Title omitted.]

Order dismissing supplemental petition

June 2, 1925

Upon a final hearing of this case and consideration of the evidence, arguments, and briefs,

It is hereby ordered and decreed that the supplemental petition of the United States filed in this case on July 17, 1923, be and it is hereby dismissed.

June 2, 1925.

WALTER H. SANBORN,

KIMBROUGH STONE,

ROBT. E. LEWIS,

United States Circuit Judges.

720

(NOTE.—It is stipulated by counsel that the record may show that this order was entered by the court on June 2, 1925, without notice to counsel for either party.)

724

In United States District Court

[Title omitted.]

Assignments of error

Filed July 30, 1925

Now comes the United States of America, petitioner in the above-entitled cause, by Lafayette French, jr., its attorney in and for the District of Minnesota, acting under the direction of the Attorney General of the United States, and says that in the record and proceedings of the said court in the above-entitled cause and in the final order made and entered therein on the second day of June, A. D. 1925, the court erred:

1. In holding that the purpose of preventing undue restraint of trade is to prevent unreasonably high prices to the purchasers and users of the articles traded in.

2. In not holding that the purpose of the Sherman Act and of the decree entered against defendants on August 15, 1914, as amended by the decree entered October 3, 1914, and the decree entered November 2, 1918, was to restore competitive conditions in the harvesting machine industry substantially as they existed before the illegal combination was formed.

3. In holding that defendants can not and do not control the prices of harvesting machines and appurtenances which they and their competitors make and sell.

4. In not holding that defendants so dominate and control the business in harvesting machines and appurtenances that they can and do dictate prices.

5. In holding that the objects of the decree entered against defendants on August 15, 1914, as amended by the decree entered on October 3, 1914, and the decree entered on November 2, 1918, have been successfully attained, and that the evidence shows that competitive conditions have been restored in the harvesting-machine industry.

6. In holding that the evidence proves that the defendants, since the sale of the Osborne, Milwaukee, and Champion lines and their appurtenances, are not unduly or unreasonably monopolizing or restraining interstate commerce in harvesting machines and their appurtenances in the United States.

7. In not holding that the lines disposed of by defendants were insignificant when compared with the lines retained.

8. In not holding that the lines disposed of by the defendants were comparatively unimportant when acquired by defendants, and that by 1918 the sales of the Osborne, Champion, and Milwaukee lines had so diminished as compared with the McCormick and Deering lines retained by defendants as to render them negligible.

9. In holding that powerful and successful independent competitors contest the field with defendants, and in not holding that competitors of the defendants were steadily eliminated during the test period under the decree as well as since the expiration of that period.

10. In holding that the evidence proves that the competition in the manufacture and sale of harvesting machines and their appurtenances in interstate commerce in the United States has been and is free and untrammelled.

11. In not holding that defendants have such advantages in resources, organization, selling media, production costs, ownership, and manufacture of raw material and in volume and spread of business as to be able completely to dominate the business of manufacturing and selling harvesting machines and appurtenances.

12. In failing to hold that practically no new competition was created as the result of the decree dated November 2, 1918, and that competitive conditions were practically unchanged as the result of the entry of said decree.

13. In failing to order a further division of the business and assets of the International Harvester Company substantially as recommended by the Federal Trade Commission in its report to the Senate dated May 4, 1920, and as prayed in the supplemental petition of the United States.

14. In dismissing the Government's supplemental petition filed herein July 17, 1923.

By reason of the errors aforesaid, petitioner prays that this appeal may be allowed.

UNITED STATES OF AMERICA,
By LAFAYETTE FRENCH, Jr.,

United States Attorney.

ABRAHAM F. MYERS,

Special Assistant to the Attorney General.

JOHN G. SARGENT,

Attorney General.

WILLIAM J. DONOVAN,

Assistant to the Attorney General.

728

In United States District Court

[Title omitted]

Order allowing appeal

July 21, 1925

This matter having come on upon the petition of the United States of America, plaintiff herein, for an appeal from the order of the court entered herein on the second day of June, A. D. 1925, to the Supreme Court of the United States, and for an extension of time within which to present and file a certificate of evidence and to file a complete transcript of the record with the clerk of the Supreme Court of the United States.

It is ordered, adjudged, and decreed that said appeal be and the same hereby is allowed.

It is further ordered, adjudged, and decreed that said plaintiff present and file a certificate of evidence, prepared in accordance with Equity Rule 75, on or before the nineteenth day of September,

A. D. 1925, and that the time of said plaintiff within which to file a complete transcript of the record with the clerk of Supreme Court of the United States and to docket said cause in the said court be extended, good cause therefor having been shown to the court, up to and including the eighteenth day of November, A. D. 1925.

Entered.

(Signed)

WALTER H. SARGENT,
KIMBROUGH STONE,
ROBERT E. LEWIS,

Circuit Judges.

737

In United States District Court

[Title omitted.]

Stipulation as to transmittal of original Exhibits (S) 8, etc.

Aug. 25, 1925

It is hereby stipulated by counsel for both parties in the above cause that the clerk in making up the transcript shall include therein the following original exhibits: Defendants' Exhibit (S) 8, Ford Dealers' Catalogue; defendants' Exhibit (S) 23, photographic copies of advertisements; defendants' Exhibit (S) 27, illustration of Otwell mower; defendants' Exhibits (S) 16 and (S) 18, colored charts; and that an order may be entered accordingly with the permission of the court.

(Signed) A. F. MYERS,
Special Assistant to the Attorney General.
(Signed) WILLIAM S. ELLIOTT,
Counsel for Defendants.

738

In United States District Court

[Title omitted.]

Order as to transmittal of original Exhibits 8, etc.

Oct. 2, 1925

It is hereby ordered in accordance with the attached stipulation between the parties that the clerk of court transmit to the Supreme Court of the United States pursuant to section 3 of Rule 9 of the Revised Rules of the Supreme Court the following original exhibits: Defendants' Exhibit (S) 8, Ford Dealers' Catalogue; defendants' Exhibit (S) 23, photographic copies of advertisements; defendants' Exhibit (S) 27, illustration of Otwell mower; defendants' Exhibits (S) 16 and (S) 18, colored charts.

WALTER H. SANDOEN,
Senior Circuit Judge.

739

In United States District Court

[Title omitted.]

Stipulation as to transmittal of petitioner's Exhibit (S) 96, etc.

Oct. 5, 1925

It is hereby stipulated by counsel for the respective parties in the above-entitled cause, that the clerk in making up the transcript shall include the following original exhibits: Certified copy of peti-

tioner's Exhibit (S) 90, Report of the Federal Trade Commission on the high prices of farm implements; and the annual reports of the International Harvester Company for the years 1918 to 1923, inclusive, all of which are deposited with the clerk of court.

It is further stipulated that the record on the appeal in the case of International Harvester Company of New Jersey (formerly International Harvester Company) et al., Appellants, vs. The United States, No. 757 on the docket of the Supreme Court for the October term, 1914, may be referred to by counsel for either party in their printed briefs on the present appeal. Said appeal record will not be reprinted, and counsel referring thereto in their briefs will quote in full the relevant portions to the end that the court may be relieved of the necessity of consulting such record in the determination of the present appeal.

(Sgd.)

ABRAHAM F. MYERS,

MARY G. CONNOR,

Special Assistant to the Attorney General,

WILLIAM S. ELLIOTT,

Counsel for the Defendant.

741

In United States District Court

[Title omitted.]

Order as to transmittal of petitioner's Exhibit 90

Oct. 5, 1925

It is hereby ordered in accordance with the attached stipulation between the parties that the clerk of court transmit to the Supreme Court of the United States pursuant to section 3 of Rule 9 of the Revised Rules of the Supreme Court the following original exhibits: Petitioner's original certified Exhibit (S) No. 90, report of the Federal Trade Commission on the high prices of farm implements, and the annual reports of the International Harvester Company for the years 1918 to 1923, inclusive.

WALTER H. SANDERS,

Senior Circuit Judge.

748

In United States District Court

[Title omitted.]

Decree

Aug. 15, 1914

On this 15th day of August, 1914, this cause came on for decree upon the submission heretofore had, and the court being well advised in the premises, finds that the defendant, the International

Harvester Company, was as originally organized and now is a combination in restraint of trade and commerce among the several States and with foreign nations in agricultural implements, and did from its inception monopolize and attempt to monopolize a part of the trade and commerce among the several States and with foreign nations in agricultural implements and that the International Harvester Company of America, the International Flax Twine Company, the Wisconsin Steel Company, the Wisconsin Lumber Company, the Illinois Northern Railway, and the Chicago West Pullman and Southern Railroad Company are subsidiary companies of the International Harvester Company and are confederated with it in the unlawful purposes aforesaid and that the defendants Cyrus H. McCormick, Charles Deering, James Deering, John J. Glessner, William H. Jones, Harold F. McCormick, Richard F. Howe, Edgar A. Bancroft, George F. Baker, William J. Louderback, Norman B. Ream, Charles Steele, John A. Chapman, Elbert H. Gary, Thomas D. Jones, John P. Wilson, William L. Saunders, and George W. Perkins are officers of said International Harvester Company and are aiding and assisting it in the unlawful business mentioned:

It is adjudged and decreed that said combination and monopoly be forever dissolved and to the end that the business and assets of the International Harvester Company be separated and divided among at least three substantially equal, separate, distinct, and independent corporations with wholly separate owners and stockholders and that the defendants file with the clerk within 749 ninety days a plan for such separation and division for the consideration of this court. In the event this case is appealed and decree superseded then the time in which the defendant shall file said plan is hereby extended to ninety days from the filing of the procedendo or mandate of the Supreme Court with the clerk of this court.

In case the defendants fail to file such plan in the time limited this court will entertain an application for the appointment of a receiver for all the property of the corporate defendants.

Jurisdiction is retained by the court to make such additional decrees as may be deemed necessary to secure the final winding up and dissolution of the combination and monopoly complained of and as to costs.

In case the defendants or any of them see fit to appeal from this decree the supersedeas bond is fixed at \$50,000 and the same may be approved by any one of the circuit judges of this circuit who sat upon the trial.

WILLIAM C. HOOK,
WALTER I. SMITH,
Circuit Judges.

750 In United States District Court

[Title omitted.]

Motion to modify opinion

Come now the defendants in the above-entitled suit and move the court that the opinion filed herein on the 12th day of August, 1914, so far as it relates to the directions respecting the form of a decree to be entered herein and the decree entered pursuant thereto, be modified in the following particulars:

(1) The defendants move the court that the said opinion and directions be modified by eliminating therefrom any direction that the decree embrace any provision relating to the business done by the defendants with foreign countries and that every such provision be eliminated from said decree; for the reason and upon the ground that the petition filed herein contains no averment or charge that the defendants or any of them had acquired or had attempted to acquire a monopoly of all or any part of trade with foreign nations, or had entered into any combination or agreement in any way in restraint of trade with foreign nations, and said petition contains no prayer that any adjudication be had or decree entered herein with respect to the trade of these defendants with foreign nations.

(2) The defendants further move that the said opinion and directions and decree be modified by eliminating therefrom all specifications and limitations as to the plan to be proposed or decided upon for the carrying out of the decree entered herein; for the reason and upon the ground that the court did not have before it in the record facts essential to the proper determination of the plan to be decided upon to execute the decree.

This motion is based upon the record in this case and the affidavits filed herewith.

JOHN P. WILSON,
EDGAR A. BANCROFT,
WILLIAM D. McHUGH,
Solicitors for Defendants.

751

In United States District Court

[Title omitted.]

Statement of United States on motion to modify opinion

In regard to the hearing on the motion of the defendants to have modified the opinion filed in this court on the 12th day of August, 1914, so far as it relates to the directions respecting the form of decree to be entered herein, which hearing is to take place on the 3rd day of October, 1914, I have been instructed by the Attorney General of the United States to appear at the hearing and say to the court:

1. That the Attorney General opposes the first modification proposed by the motion, that is, he opposes the modification of the decree "by eliminating therefrom any direction that the decree em-

brace any provision relating to the business done by the defendants with foreign countries, and that every such provision be eliminated from said decree."

2. As regards the second proposed modification, the Attorney General desires me to state to the court that the Attorney General and counsel for defendants have agreed that in place of the first sentence of the second paragraph reading as follows:

"It is adjudged and decreed that said combination and monopoly be forever dissolved and to the end that the business and assets of the International Harvester Company be separated and divided among at least three substantially equal, separate, distinct, and independent corporations with wholly separate owners and stockholders and that the defendants file with the clerk within ninety days a plan for such separation and division for the consideration of this court,"

the following sentence may be substituted:

"It is adjudged and decreed that said combination and monopoly be forever dissolved, and to that end that the business and assets of the International Harvester Company be divided in such manner and into such number of parts of separate and distinct ownership as may be necessary to restore competitive conditions and bring about a new situation in harmony with law; and that the defendants file with the clerk within ninety (90) days a plan for such separation and division for the consideration of this court."

752 3. The Attorney General desires me to state to the court also, that it is agreeable to the Government that the defendants be given until January 1, 1915, to docket their appeal in this case, and file the record with the clerk of the Supreme Court.

In order that the position of the Government in regard to the aforesaid motion may be before the court in exact form, I put the above into writing, and will file it with the court.

ALFRED JAKES,
United States Attorney,
District of Minnesota.

753 In United States District Court

[Title omitted.]

Order on motion to modify

Opinion filed Oct. 3, 1914

The above-entitled action came duly on this day, pursuant to due notice, to be heard upon the motion by defendants to modify the opinion filed herein on the 12th day of August, 1914, so far as the same relates to the directions relating to the form of a decree to be entered herein and the decree entered pursuant thereto; the petitioner herein, the United States of America, appearing by Alfred

Jaques, Esq., United States Attorney for the District of Minnesota, its solicitor, and the defendants appearing by Messrs. John P. Wilson, Edgar A. Bancroft, and William D. McHugh, their solicitors, and the said motion is argued and submitted to and taken under advisement by the court.

And thereafter and on the same day was filed in said action in the office of the clerk of said court an order on defendants' motion to modify, which said order was recorded on the equity journal of said court in the words and figures following, to wit:

On this third day of October, 1914, this cause came on for hearing on the motion of the defendants filed on August 17, 1914, to amend the decree of this court entered herein on the 15th day of August, 1914, and the parties being present by their respective counsel and the court having considered the same,

It is hereby ordered that said decree be, and the same is, hereby amended by striking out the words "and with foreign nations" wherever they appear in the decree, but the power and duty of the court in dealing with all the property and business of every character

of the defendant corporations, at the commencement of this
754 suit or since, so far as lawful and necessary to effect a dissolution of the combination, are not renounced but expressly reserved, and by striking out, pursuant to an agreement between the Attorney General and counsel for the defendants evidenced by the written consent of the Attorney General signed by the United States Attorney for Minnesota, presented to the court this day, the first sentence in the second paragraph of said decree reading as follows:

"It is adjudged and decreed that said combination and monopoly be forever dissolved and to the end that the business and assets of the International Harvester Company be separated and divided among at least three substantially equal, separate, distinct, and independent corporations with wholly separate owners and stockholders and that the defendants file with the clerk within ninety days a plan for such separation and division for the consideration of this court,"

and substituting in place thereof the following:

"It is adjudged and decreed that said combination and monopoly be forever dissolved, and to that end that the business and assets of the International Harvester Company be divided in such manner and into such number of parts of separate and distinct ownership as may be necessary to restore competitive conditions and bring about a new situation in harmony with law; and that the defendants file with the clerk within ninety (90) days a plan for such separation and division for the consideration of this court."

WALTER H. SANDOEN,

WILLIAM C. HOOK,

WALTER I. SMITH,

Circuit Judges.

CHARLES L. SPENCER,

Clerk.

755 In United States District Court.

[Title omitted.]

Stipulation for final decree

It is hereby stipulated and agreed between the parties in the above entitled cause, in pursuance of a memorandum of agreement entered into between them, dated July 11, 1918, that—

A decree in the form hereto annexed may be presently entered herein, and that the parties will cooperate in securing its entry by the District Court; and relying thereon the defendants have dismissed their appeal lately pending in the Supreme Court.

Washington, October 22, 1918.

T. W. GREGORY,

Attorney General.

G. CARROLL TODD,

Assistant to the Attorney General,

For Petitioner.

JOHN P. WILSON,

EDGAR A. BANCROFT,

Solicitors for Defendants.

The form of the decree annexed was the same as that entered No. 2nd, 1918.

756 In United States District Court.

[Title omitted.]

Mandate of U. S. Supreme Court

Nov. 2, 1918

This day come into court the plaintiff in the above entitled cause by Joseph W. Cox, Esq., special assistant to the Attorney General of the United States, its solicitor, and the defendants by Edgar A. Bancroft, Esq., their solicitor, who presents to the court a mandate in said cause from the Supreme Court of the United States and asks the court that said mandate be filed and recorded. And it is by the court

Ordered that the mandate of the Supreme Court of the United States, in the above-entitled cause, be filed and recorded; and said mandate is filed and the same is recorded in the words and figures following, to wit:

757 UNITED STATES OF AMERICA, *vs.*

The President of the United States of America, to the honorable the Judges of the District Court of the United States for the District of Minnesota, Greeting:

(Seal Supreme Court of the United States.)

Whereas, lately in the District Court of the United States for the District of Minnesota, before you, or some of you, in a cause

between the United States of America, petitioner, and the International Harvester Company et al., defendants, No. 624, in equity, wherein the decree of the said District Court, entered in said cause on the 15th day of August, A. D. 1914, and amendment thereto entered on the 3d day of October, A. D. 1914, was in favor of the said petitioner, the United States of America, and against the said defendants, as by the inspection of the transcript of the record of the said District Court, which was brought into the Supreme Court of the United States by virtue of an appeal agreeably to the act of Congress, in such case made and provided, fully and at large appears.

And whereas, in the present term of October, in the year of our Lord one thousand nine hundred and eighteen, the said cause came on to be heard before the said Supreme Court, and it appearing to the court that a motion of counsel for the appellants to dismiss this appeal has been filed,

Therefore, in pursuance of said motion, it is now here ordered, adjudged, and decreed by this court that this appeal be, and the same is hereby, dismissed.

OCTOBER 21, 1918.

You, therefore, are hereby commanded that such proceedings be had in said cause, as according to right and justice, and the laws of the United States, ought to be had, the said appeal notwithstanding.

Witness the Honorable Edward D. White, Chief Justice of the United States, the twenty-third day of October, in the year of our Lord one thousand nine hundred and eighteen.

JAMES D. MAHER,

Clerk of the Supreme Court of the United States.

758

In United States District Court

[Title omitted]

Final Decree

November 2, 1918

Whereas, on the 15th day of August, 1914, this court entered a decree herein reading as follows:

On this 15th day of August, 1914, this cause came on for decree upon the submission heretofore had, and the court being well advised in the premises finds that the defendant, the International Harvester Company, was as originally organized and now is a combination in restraint of trade and commerce among the several States and with foreign nations in agricultural implements, and did from its inception monopolize and attempt to monopolize a part of the trade and commerce among the several States and with for-

sign nations in agricultural implements, and that the International Harvester Company of America, the International Flax Twine Company, the Wisconsin Steel Company, the Wisconsin Lumber Company, the Illinois Northern Railway, and the Chicago, West Pullman and Southern Railroad Company are subsidiary companies of the International Harvester Company and are confederated with it in the unlawful purposes aforesaid and that the defendants, Cyrus H. McCormick, Charles Deering, James Deering, John J. Glessner, William H. Jones, Harold F. McCormick, Richard F. Howe, Edgar A. Bancroft, George F. Baker, William J. Louderback, Norman B. Ream, Charles Steele, John A. Chapman, Elbert H. Gary, Thomas D. Jones, John P. Wilson, William L. Saunders, and George W. Perkins, are officers of said International Harvester Company and are aiding and assisting it in the unlawful business mentioned:

739 It is adjudged and decreed that said combination and monopoly be forever dissolved and to the end that the business and assets of the International Harvester Company be separated and divided among at least three substantially equal, separate, distinct, and independent corporations with wholly separate owners and stockholders and that the defendants file with the clerk within ninety days a plan for such separation and division for the consideration of this court. In the event this case is appealed and decree superseded then the time in which the defendant shall file said plan is hereby extended to ninety days from the filing of the procedendo or mandate of the Supreme Court with the clerk of this court.

In case the defendants fail to file such plan in the time limited this court will entertain an application for the appointment of a receiver for all the property of the corporate defendants.

Jurisdiction is retained by the court to make such additional decrees as may be deemed necessary to secure the final winding up and dissolution of the combination and monopoly complained of and as to costs.

In case the defendants or any of them see fit to appeal from this decree the supersedeas bond is fixed at \$50,000 and the same may be approved by any one of the circuit judges of this circuit who sat upon the trial.

Whereas, on the 3rd day of October, 1914, this court modified the foregoing decree as follows:

Order on defendants' motion to modify

On this 3rd day of October, 1914, this cause came on for hearing on the motion of the defendants filed on August 17, 1914, to amend the decree of this court entered herein on the 15th day of August, 1914, and the parties being present by their respective counsel and the court having considered the same,

It is hereby ordered that said decree be, and the same is, hereby amended by striking out the words "and with foreign nations" wherever they appear in the decree, but the power and duty of the court in dealing with all the property and business of every character of the defendant corporations, at the commencement of this suit or since, so far as lawful and necessary to effect a dissolution of the combination, are not renounced but expressly reserved, and by striking out, pursuant to an agreement between the Attorney General and counsel for the defendants evidenced by the written consent of the Attorney General signed by the United States Attorney for Minnesota, presented to the court this day, the first sentence in the second paragraph of said decree reading as follows:

760 "It is adjudged and decreed that said combination and monopoly be forever dissolved and to the end that the business and assets of the International Harvester Company be separated and divided among at least three substantially equal, separate, distinct, and independent corporations with wholly separate owners and stockholders and that the defendants file with the clerk within ninety (90) days a plan for such separation and division for the consideration of this Court," and substituting in place thereof the following:

"It is adjudged and decreed that said combination and monopoly be forever dissolved, and to that end that the business and assets of the International Harvester Company be divided in such manner and into such number of parts of separate and distinct ownership as may be necessary to restore competitive conditions and bring about a new situation in harmony with law; and that the defendants file with the clerk within ninety (90) days a plan for such separation and division for the consideration of this court."

Whereas the defendants thereupon took an appeal to the Supreme Court of the United States, during the pendency of which the decree of this court was superseded;

Whereas on motion of the defendants their aforesaid appeal has been dismissed and the cause has been remanded to this court for further proceedings in accordance with law;

Whereas during the pendency of this suit the principal corporate defendant changed its name to International Harvester Company of New Jersey and afterward, in September, 1918, was merged into a new corporation named "International Harvester Company," which now owns all the properties, assets, and business of defendant International Harvester Company of New Jersey; and said new International Harvester Company has entered its appearance herein as a defendant as such successor;

It is, therefore, ordered that the decree hereinabove set forth be reinstated as the final decree in this cause, and the name International Harvester Company wherever hereinafter used includes both the original and the successor corporation of that name.

And the parties having agreed upon and submitted to the court a plan for carrying into effect the order contained in said decree that

the combination and monopoly therein adjudged unlawful be dissolved, and the court having considered and approved the plan, it is further ordered, in accordance therewith, as follows:

761 (a) The defendants, International Harvester Company and International Harvester Company of America, their officers, directors, and agents, are hereby prohibited and enjoined, from and after December 31, 1919, from having more than one representative or agent in any city or town in the United States for the sale of their harvesting machines and other agricultural implements;

(b) The International Harvester Company shall, with all due diligence, offer for sale, at fair and reasonable prices, the harvesting machine lines now made and sold by the International Harvester Company under the trade names of "Osborne," "Milwaukee," and "Champion," respectively, including the exclusive right to use such trade names, and all patterns, drawings, blue prints, dies, jigs, and other machines and equipment specially used by the International Harvester Company in the manufacture of said three harvesting machine lines, respectively; and each purchaser must be a responsible manufacturer of agricultural implements in the United States, and, if a corporation, none of the defendants shall have any substantial stock interest in such purchaser, nor shall any defendant be such purchaser. The International Harvester Company, from and after the date of the entry of this decree, shall be required to accept a reasonable price from any purchaser approved by the United States for any of said lines of harvesting machines; and, in the event of a disagreement between the United States and the Harvester Company as to what shall be or constitute a reasonable price for the property proposed to be purchased, such price shall be fixed by this court.

(c) The International Harvester Company shall also presently offer and endeavor to sell in connection with said harvester lines the "Champion" harvester plant and works at Springfield, Ohio, and the "Osborne" harvester No. 1 plant and works at Auburn, New York, and shall stand ready to accept a fair and reasonable price for either of said plants from any purchaser of either of the harvester lines herein before mentioned; and in the event that the parties are unable to agree as to what is a fair price for either of said plants, the question at issue shall be submitted without formal pleadings, under the supervision and direction of the United States, to this court for decision, and the finding of this court as to said question of a fair price shall be accepted by and be binding upon the International Harvester Company.

(d) In the event that any one or more of said three lines of harvesting machines, including plants, patterns, etc., as aforesaid, shall not have been sold by the International Harvester Company in pursuance of the terms and provisions of this decree within one year after the close of the existing war in which the United States

is engaged, then, upon the request of the United States, the same shall be sold at public auction to the highest bidder therefor, in such manner, time and place as may be agreed upon between the United States and the International Harvester Company; and in default of such agreement then under the order and direction of this court.

762 (e) The object to be attained under the terms of this decree is to restore competitive conditions in the United States in the interstate business in harvesting machines and other agricultural implements, and, in the event that such competitive conditions shall not have been established at the expiration of eighteen months after the termination of the existing war in which the United States is engaged (or at the expiration of two years from the date of the entry of this decree in the event that said war shall be terminated within less than six months after the entry of this decree), then and in that case the United States shall have the right to such further relief herein as shall be necessary to restore said competitive conditions and to bring about a situation in harmony with law; and this court reserves all necessary jurisdiction and power to carry into effect the provisions of the decrees herein entered.

WALTER H. SANBORN,

WILLIAM C. HOOK,

Circuit Judges.

763

In United States District Court

[Title omitted.]

Order making International Harvester Co. party defendant

On this 2d day of November, 1918, this cause came on for hearing upon the petition of International Harvester Company (a corporation organized in September, 1918, by the merger of International Harvester Company of New Jersey and International Harvester Corporation) to be made a party defendant herein; and the parties being present by their respective counsel, and the court, having considered the petition, it is hereby ordered that said petitioner International Harvester Company be, and it is hereby made, a party defendant herein.

WALTER H. SANBORN,

WILLIAM C. HOOK,

Circuit Judges.

768

In United States District Court

[Title omitted.]

Order on motion for interpretation of decree

May 28, 1920

On this 28th day of May, 1920, this cause came on for hearing on application of the defendant, the International Harvester Com-

pany filed on the 28th day of May, 1920, for an interpretation of the decree of this court entered herein on the second day of November, 1918, and the parties being represented by their respective counsel, and the court having heard the evidence submitted in support of said application, and having duly considered the same.

The court finds that the facts stated in said application are true.

It is therefore considered, adjudged, and decreed by the court, the United States of America consenting thereto, that the said decree of this court, properly interpreted, does not, either by its provisions or by its purposes or effect, provide for or compel a sale or an offer of sale of the plant described in said decree as Champion Harvester plant and works at Springfield, Ohio, except in connection with the sale of the Champion harvesting machine line mentioned in said decree; and that said decree properly interpreted does not either by its provisions or by its purpose or effect, provide for or compel a sale or an offer of sale of the plant described in said decree as the "Osborne Harvester No. 1 plant and works at Auburn, New York," except in connection with the sale of the Osborne harvesting machine line mentioned in said decree.

769 It is further adjudged and decreed that inasmuch as International Harvester Company has duly sold, pursuant to the provisions of said decree, the said Champion harvesting machine line to B. F. Avery & Son of Louisville, Kentucky, which purchaser has arranged to manufacture said machine at Louisville, and does not desire to purchase the said plant known as the Champion Harvester plant and works at Springfield, Ohio, the International Harvester Company has the right to utilize or deal with the said Champion Harvester plant and works at Springfield, Ohio, for any of its corporate purposes, not inconsistent with said decree, and said plant is therefore not subject to be sold under paragraph (d), or any other provision of said decree.

It is further adjudged and decreed that inasmuch as International Harvester Company has duly sold, pursuant to the provisions of said decree, the said Osborne harvesting machine line to Emerson-Brantingham Company of Rockford, Illinois, which purchaser has arranged to manufacture said machines at Rockford, and does not desire to purchase the said plant known as the Osborne Harvester No. 1 plant and works at Auburn, New York, the International Harvester Company has the right to utilize or deal with the said Osborne Harvester No. 1 plant and works at Auburn, New York, for any of its corporate purposes, not inconsistent with said decree, and said plant is therefore not subject to be sold under paragraph (d) or any other provision of said decree.

WALTER H. SANBORN,
U. S. Circuit Judge.
WILLIAM C. HOOK,
U. S. Circuit Judge.

Petitioner's Exhibit (S) 1

STATEMENT SHOWING NUMBER AND LOCATION OF BRANCH HOUSES OPERATED BY THE INTERNATIONAL HARVESTER COMPANY OF AMERICA DECEMBER 24, 1923

CENTRAL DISTRICT	NORTHWESTERN DISTRICT	SOUTHWESTERN DISTRICT
Aurora, Ill.	Aberdeen, S. D.	Amarillo, Tex.
Davenport, Ia.	Billings, Mont.	Cheyenne, Wyo.
Dubuque, Ia.	Bismarck, N. D.	Council Bluffs, Ia.
East St. Louis, Ill.	Cedar Falls, Ia.	Dallas, Tex.
Fort Wayne, Ind.	Eau Claire, Wis.	Denver, Colo.
Grand Rapids, Mich.	Fargo, N. D.	Des Moines, Ia.
Green Bay, Wis.	Fort Dodge, Ia.	Houston, Tex.
Indianapolis, Ind.	Grand Forks, N. D.	Hutchinson, Kans.
Kankakee, Ill.	Helena, Mont.	Kansas City, Mo.
Madison, Wis.	Mankato, Minn.	Lincoln, Nebr.
Milwaukee, Wis.	Mason City, Ia.	Los Angeles, Calif.
Peoria, Ill.	Minneapolis, Minn.	Oklahoma City, Okla.
Quincy, Ill.	Minot, N. D.	Omaha, Nebr.
Richmond, Ind.	Portland, Ore.	Parsons, Kans.
Rockford, Ill.	St. Cloud, Minn.	St. Joseph, Mo.
St. Louis, Mo.	Sioux City, Ia.	Salina, Kans.
South Bend, Ind.	Sioux Falls, S. D.	Salt Lake City, Utah.
Springfield, Ill.	Spokane, Wash.	San Francisco, Calif.
Terre Haute, Ind.	Watertown, S. D.	Springfield, Mo.
	Winona, Minn.	Topeka, Kans.
		Wichita, Kans.

EASTERN DISTRICT

SOUTHERN DISTRICT

Albany, N. Y.	Atlanta, Ga.
Auburn, N. Y.	Birmingham, Ala.
Baltimore, Md.	Charlotte, N. C.
Boston, Mass.	Cincinnati, O.
Buffalo, N. Y.	Columbia, S. C.
Cleveland, O.	Evansville, Ind.
Columbus, O.	Jacksonville, Fla.
Detroit, Mich.	Knoxville, Tenn.
Elmira, N. Y.	Little Rock, Ark.
Harrisburg, Pa.	Louisville, Ky.
Jackson, Mich.	Memphis, Tenn.
Opoleburg, N. Y.	Nashville, Tenn.
Philadelphia, Pa.	New Orleans, La.
Pittsburgh, Pa.	Parkersburg, W. Va.
Saginaw, Mich.	Richmond, Va.
Toledo, O.	

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INTERNATIONAL HARVESTER COMPANY—STATEMENT SHOWING NUMBER AND LOCATION BY BRANCH HOUSE TERRITORIES OF ALL RETAIL IMPLEMENT DEALERS IN THE UNITED STATES WITH WHOM SEASONAL CONTRACTS FOR THE SALE OF HARVESTING MACHINES WERE WRITTEN BY INTERNATIONAL HARVESTER COMPANY OF AMERICA DURING THE YEARS 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923

772 Branch house	Champaign			Sawing			Machinists			Oxbow			Miscellaneous			Total
	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
Central district																
Aurora, Ill.	11	6		91	119	60	100	73								
Chicago, Ill.	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
DeKalb, Ill.	6	2		78	43	60	115	81	11	2						
East St. Louis, Ill.	29	21	1	136	123	86	141	124	24	1						
Fort Wayne, Ind.	19	12	1	60	79	79	69	47	31	1						
Grand Rapids, Mich.	23	26	4	108	113	80	136	128	14	1						
Green Bay, Wis.	16	69	18	129	138	134	154	113	74	1						
Indianapolis, Ind.	63	39	3	64	97	36	100	161	64	1						
Madison, Wis.	24	10	1	162	86	74	114	112	11	1						
Milwaukee, Wis.	51	4	1	97	97	67	110	116	97	1						
Peoria, Ill.	27	16	3	120	124	64	125	114	63	1						
Quincy, Ill.	43	14	1	101	111	79	127	118	83	1						
Rockford, Ill.	11	1	2	121	203	79	130	202	82	1						
St. Louis, Mo.	1	1	1	90	77	38	87	74	29	1						
St. Paul, Minn.	64	16	1	154	96	97	163	106	6	1						
South Bend, Ind.	10	7	1	178	210	101	243	191	121	1						
Springfield, Ill.	10	7	1	101	101	64	103	106	6	1						
Terre Haute, Ind.	6	5	4	83	101	71	97	86	89	1						
Northwestern district	18	14	2	127	131	68	116	113	106	19	12	2				
Aberdeen, S. D.				103	92	67	83	71	44	1						
Billings, Mont.																
Butte, Mont.	5	3		80	102	72	86	79	103	1						
Butte, N. D.				94	79	47	92	73	11							
Chamberlain, S. D.	21	5	3	121	116	97	140	128	96	1						
East Pierre, S. D.	3	3	1	104	115	130	114	103	122	1						
Farina, N. D.	4	1		95	86	68	104	96	109	1						
Fort Dodge, Iowa				90	96	68	108	99	96	1						
Grand Forks, N. D.	10	1		74	64	18	102	72	77	1						
Harmon, Minn.				80	78	62	72	68	66	1						
Madison, Minn.	9	1		77	78	51	71	64	52	1						
Manassas, Va.	26	6		147	129	76	132	123	76	79	64	10	26	6		
Marion, N. D.	33	1		103	105	104	98	96	91	25	1					
Portland, Ore.	1	1	1	107	98	64	141	126	114	1						
San Cloud, Minn.	28	1	2	144	150	130	164	138	116	47						

772 Branch house	Champaign			Sawing			Machinists			Oxbow			Miscellaneous			Total
	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
Central district																
Aurora, Ill.	11	6		91	119	60	100	73								
Chicago, Ill.	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
DeKalb, Ill.	6	2		78	43	60	115	81	11	2						
East St. Louis, Ill.	29	21	1	136	123	86	141	124	24	1						
Fort Wayne, Ind.	19	12	1	60	79	79	69	47	31	1						
Grand Rapids, Mich.	23	26	4	108	113	80	136	128	14	1						
Green Bay, Wis.	16	69	18	129	138	134	154	113	74	1						
Indianapolis, Ind.	63	39	3	64	97	36	100	161	64	1						
Madison, Wis.	24	10	1	162	86	74	114	112	11	1						
Milwaukee, Wis.	51	4	1	97	97	67	110	116	97	1						
Peoria, Ill.	27	16	3	120	124	64	125	114	63	1						
Quincy, Ill.	43	14	1	101	111	79	127	118	83	1						
Rockford, Ill.	11	1	2	121	203	79	130	202	82	1						
St. Louis, Mo.	1	1	1	90	77	38	87	74	29	1						
St. Paul, Minn.	64	16	1	154	96	97	163	106	6	1						
South Bend, Ind.	10	7	1	178	210	101	243	191	121	1						
Springfield, Ill.	10	7	1	101	101	64	103	106	6	1						
Terre Haute, Ind.	6	5	4	83	101	71	97	86	89	1						
Northwestern district	18	14	2	127	131	68	116	113	106	19	12	2				
Aberdeen, S. D.				103	92	67	83	71	44	1						
Billings, Mont.																
Butte, Mont.	5	3		80	102	72	86	79	103	1						
Butte, N. D.				94	79	47	92	73	11							
Chamberlain, S. D.	21	5	3	121	116	97	140	128	96	1						
East Pierre, S. D.	3	3	1	104	115	130	114	103	122	1						
Farina, N. D.	4	1		95	86	68	104	96	109	1						
Fort Dodge, Iowa				90	96	68	108	99	96	1						
Grand Forks, N. D.	10	1		74	64	18	102	72	77	1						
Harmon, Minn.				80	78	62	72	68	66	1						
Madison, Minn.	9	1		77	78	51	71	64	52	1						
Manassas, Va.	26	6		147	129	76	132	123	76	79	64	10	26	6		
Marion, N. D.	33	1		103	105	104	98	96	91	25	1					
Portland, Ore.	1	1	1	107	98	64	141	126	114	1						
San Cloud, Minn.	28	1	2	144	150	130	164	138	116	47						

772 Branch house	Champaign			Sawing			Machinists			Oxbow			Miscellaneous			Total
	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
Central district																
Aurora, Ill.	11	6		91	119	60	100	73								
Chicago, Ill.	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
DeKalb, Ill.	6	2		78	43	60	115	81	11	2						
East St. Louis, Ill.	29	21	1	136	123	86	141	124	24	1						
Fort Wayne, Ind.	19	12	1	60	79	79	69	47	31	1						
Grand Rapids, Mich.	23	26	4	108	113	80	136	128	14	1						
Green Bay, Wis.	16	69	18	129	138	134	154	113	74	1						
Indianapolis, Ind.	63	39	3	64	97	36	100	161	64	1						
Madison, Wis.	24	10	1	162	86	74	114	112	11	1						
Milwaukee, Wis.	51	4	1	97	97	67	110	116	97	1						
Peoria, Ill.	27	16	3	120	124	64	125	114	63	1						
Quincy, Ill.	43	14	1	101	111	79	127	118	83	1						
Rockford, Ill.	11	1	2	121	203	79	130	202	82	1						
St. Louis, Mo.	1	1	1	90	77	38	87	74	29	1						
St. Paul, Minn.	64	16	1	154	96	97	163	106	6	1						
South Bend, Ind.	10	7	1	178	210	101	243	191	121	1						
Springfield, Ill.	10	7	1	101	101	64	103	106	6	1						
Terre Haute, Ind.	6	5	4	83	101	71	97	86	89	1						
Northwestern district	18	14	2	127	131	68	116	113	106	19	12	2				
Aberdeen, S. D.				103	92	67	83	71	44	1						
Billings, Mont.																
Butte, Mont.	5	3		80	102	72	86	79	103	1						
Butte, N. D.				94	79	47	92	73	11							
Chamberlain, S. D.	21	5	3	121	116	97	140	128	96	1						
East Pierre, S. D.	3	3	1	104	115	130	114	103	122	1						
Farina, N. D.	4	1		95	86	68	104	96	109	1						
Fort Dodge, Iowa				90	96	68	108	99	96	1						
Grand Forks, N. D.	10	1		74	64	18	102	72	77	1						
Harmon, Minn.				80	78	62	72	68	66	1						
Madison, Minn.	9	1		77	78	51	71	64	52	1						
Manassas, Va.	26	6		147	129	76	132	123	76	79	64	10	26	6		

International Harvester Company—Statement Showing Number and Location of Harvesting House Territories Of All Retail Harvester Dealers in the United States With Whom Seasonal Contracts For the Sale of Harvesting Machines Were Entered By International Harvester Company of America During the Years 1914, 1916, 1918, 1920, 1921, 1922, 1923—Continued

Research Institute	1946		1947		1948		1949		1950		1951		1952		1953		1954		1955		1956		1957		1958		1959		1960		1961		1962		1963		1964		1965		1966		1967		1968		1969		1970		1971		1972		1973		1974		1975		1976		1977		1978		1979		1980		1981		1982		1983		1984		1985		1986		1987		1988		1989		1990		1991		1992		1993		1994		1995		1996		1997		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035		2036		2037		2038		2039		2040		2041		2042		2043		2044		2045		2046		2047		2048		2049		2050		2051		2052		2053		2054		2055		2056		2057		2058		2059		2060		2061		2062		2063		2064		2065		2066		2067		2068		2069		2070		2071		2072		2073		2074		2075		2076		2077		2078		2079		2080		2081		2082		2083		2084		2085		2086		2087		2088		2089		2090		2091		2092		2093		2094		2095		2096		2097		2098		2099		2100		2101		2102		2103		2104		2105		2106		2107		2108		2109		2110		2111		2112		2113		2114		2115		2116		2117		2118		2119		2120		2121		2122		2123		2124		2125		2126		2127		2128		2129		2130		2131		2132		2133		2134		2135		2136		2137		2138		2139		2140		2141		2142		2143		2144		2145		2146		2147		2148		2149		2150		2151		2152		2153		2154		2155		2156		2157		2158		2159		2160		2161		2162		2163		2164		2165		2166		2167		2168		2169		2170		2171		2172		2173		2174		2175		2176		2177		2178		2179		2180		2181		2182		2183		2184		2185		2186		2187		2188		2189		2190		2191		2192		2193		2194		2195		2196		2197		2198		2199		2200		2201		2202		2203		2204		2205		2206		2207		2208		2209		2210		2211		2212		2213		2214		2215		2216		2217		2218		2219		2220		2221		2222		2223		2224		2225		2226		2227		2228		2229		2230		2231		2232		2233		2234		2235		2236		2237		2238		2239		2240		2241		2242		2243		2244		2245		2246		2247		2248		2249		2250		2251		2252		2253		2254		2255		2256		2257		2258	
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394 UNITED STATES VS. INTERNATIONAL HARVESTER CO.

774 STATEMENT OF CONTRACTS DURING THE YEARS 1920, 1921, 1922, 1923

Branch house	1920	1921	1922	1923
Central district				
Aurora, Ill.	114	102	100	104
Davenport, Ia.	114	116	114	113
Dubuque, Ia.	90	87	86	78
East St. Louis, Ill.	161	131	130	150
Ft. Wayne, Ind.	79	73	80	80
Grand Rapids, Mich.	136	152	156	159
Green Bay, Wis.	235	232	226	235
Indianapolis, Ind.	112	107	120	104
Kankakee, Ill.	114	92	103	117
Madison, Wis.	139	118	137	126
Milwaukee, Wis.	168	144	176	169
Peoria, Ill.	130	79	102	106
Quincy, Ill.	147	132	113	121
Richmond, Ind.	83	60	58	73
Rockford, Ill.	73	66	69	73
St. Louis, Mo.	235	213	194	201
South Bend, Ind.	104	87	106	96
Springfield, Ill.	111	90	90	96
Terre Haute, Ind.	122	109	87	97
Northwestern district				
Aberdeen, S. D.	123	112	113	113
Billings, Mont.	79	91	73	84
Bismarck, N. D.	79	91	90	96
Cedar Falls, Ia.	90	85	91	90
East Grand, Wis.	163	167	156	162
Fargo, N. D.	154	149	147	150
Ft. Dodge, Ia.	139	109	126	106
Grand Forks, N. D.	143	136	138	135
Helena, Mont.	81	58	58	67
Madison, Minn.	93	80	77	77
Marquette, Minn.	96	91	80	90
Minneapolis, Minn.	138	122	110	126
Minot, N. D.	136	145	136	134
Portland, Ore.	177	156	146	156
St. Cloud, Minn.	210	187	170	174
Sioux City, Ia.	147	137	123	136
Sioux Falls, S. D.	136	126	124	131
Spokane, Wash.	159	106	106	106
Wahington, S. D.	136	134	135	131
Winona, Minn.	85	80	73	74
Southwestern district				
Albany, N. Y.	139	139	129	135
Albuquerque, N. M.	114	100	96	122
Charlottesville, Va.	142	130	123	135
Concord, N. H.	251	176	177	200
Dallas, Texas	194	173	170	191
Denver, Colo.	194	162	169	181
Des Moines, Ia.	171	156	130	171
Houston, Texas	194	195	96	162
Hutchinson, Kans.	213	209	180	210
Kansas City, Mo.	209	181	147	180
Lincoln, Neb.	71	53	49	73
Los Angeles, Calif.	240	230	201	221
Oklahoma City, Okla.	150	147	137	163
Omaha, Neb.	136	111	79	111
Pasadena, Calif.	150	126	102	124
St. Joseph, Mo.	136	135	126	131
St. Louis, Mo.	136	111	143	132
Salt Lake City, Utah	136	130	137	141
San Francisco, Calif.	141	133	126	144
Springfield, Mo.	134	134	131	144
Topeka, Kans.	143	133	134	153
Wichita, Kans.	143	133	134	153
775 Eastern district				
Albany, N. Y.	239	236	231	219
Albany, N. Y.	169	160	156	147
Baltimore, Md.	136	136	136	170
Boston, Mass.	240	211	201	219
Buffalo, N. Y.	173	173	156	160
Cleveland, O.	154	144	144	133
Columbus, O.	96	92	106	109
Detroit, Mich.	82	79	87	73
Elmira, N. Y.	140	130	143	131
Harrisburg, Pa.	173	168	174	177
Jackson, Mich.	106	96	131	136
Jacksonburg, N. Y.	136	173	180	174
Philadelphia, Pa.	260	197	187	194
Pittsburgh, Pa.	301	260	260	233
Quincy, Mich.	69	66	73	66
Tulsa, Okla.	79	81	94	83

STATEMENT OF CONTRACTS DURING THE YEARS 1920, 1921, 1922, 1923—Continued

Branch house	1920	1921	1922	1923
Southern district:				
Atlanta, Ga.	237	198	160	177
Birmingham, Ala.	147	119	118	171
Charlotte, N. C.	219	159	167	182
Cincinnati, Ohio.	172	178	182	190
Columbia, S. C.	124	86	110	121
Evansville, Ind.	123	112	108	162
Jacksonville, Fla.	142	154	156	168
Knoxville, Tenn.	124	114	121	121
Little Rock, Ark.	327	235	227	228
Louisville, Ky.				198
New Albany, Ind.	128	79	144	
Memphis, Tenn.	178	186	181	163
Nashville, Tenn.	180	153	144	157
New Orleans, La.	168	113	154	168
Parkersburg, W. Va.	201	216	208	187
Richmond, Va.	120	110	125	121
Total	13, 633	12, 218	12, 340	12, 861

NOTE.—On account of the decree of 1918, limiting the company's representation to a single dealer in a town, it is not possible to classify the dealers by lines handled for any year since 1918.

LIST OF ALL LOCAL RETAIL IMPLEMENT COMPANIES IN WHICH THE INTERNATIONAL HARVESTER COMPANY NOW HAS AN INTEREST OR HAS HAD ANY INTEREST SINCE 1915

Name of company	Place of business	Amount paid and received	Stock owned or controlled by I. H. Co.	Stock owned or controlled by managers	Date of incorporation
1. The Western Implement Company	Wichita, Okla.	\$25,000	\$15,000	\$5,000	November 15, 1919.
2. Kansas Implement Company	Lawrence, Kan.	25,000	20,000	15,000	January 21, 1920.
3. Eastern Implement Company	Lawrence, Kan.	25,000	15,000	5,000	April 10, 1920.
4. Kansas County Implement Company	Lawrence, Kan.	25,000	5,000	5,000	June 7, 1920.
5. The Nelson Implement Company	Marion, Okla.	25,000	15,000	5,000	February 11, 1921.
6. Grand Valley Farm Machinery Company	Grand Valley, Mo.	25,000	5,000	5,000	October 21, 1921.
7. Waverly Implement Company	Waverly, Iowa	25,000	10,000	4,000	November 18, 1921.
8. The Superior Implement Company	Superior, Ohio	25,000	14,000	5,000	November 25, 1921.
9. The Burlington Implement Company	Burlington, Ind.	25,000	15,000	4,000	November 22, 1922.
10. Burlington Farm Machinery Company	Burlington, Iowa	25,000	20,000	5,000	November 8, 1921.
11. Chicago Farm Machinery Company	Chicago, Illinois	25,000	18,000	7,000	November 28, 1921.
12. The Cornbelt Implement Company	Calhoun, Kansas	25,000	17,000	8,000	January 8, 1922.
13. Grand Lodge Implement Company	Grand Lodge, Michigan	25,000	15,000	5,000	February 26, 1922.
14. The Ashland Implement Company	Ashland, Ohio	25,000	14,000	5,000	March 6, 1922.
15. Mt. Pleasant Implement Company	Mt. Pleasant, Iowa	25,000	14,000	5,000	March 11, 1922.
16. Collins City Implement Company	Collins City, Illinois	25,000	13,000	2,000	March 6, 1922.
17. Dixon Implement Company	Dixon, Illinois	25,000	17,000	3,000	March 30, 1922.
18. Ephraim Farm Supply Company	Ephraim, Pa.	25,000	14,000	1,000	April 2, 1922.
19. Marshall Implement Company	Marshall, Minnesota	25,000	24,000	2,000	April 16, 1922.
20. Collins County Implement Company	Collins, Nebraska	25,000	15,000	2,000	April 8, 1922.
21. York Implement Company	York, Nebraska	25,000	25,000	(Subscribed for not issued)	April 26, 1922.
22. The Bellevue Implement Company	Bellevue, Ohio	25,000	15,000	5,000	April 26, 1922.
23. Fremont Implement Company	Fremont, Nebraska	25,000	15,000	5,000	May 6, 1922.
24. Morrison Implement Company	Morrison, Illinois	25,000	15,000	1,000	May 8, 1922.
25. W. Buchanan Implement Company	W. Buchanan, Illinois	25,000	15,000	2,000	June 5, 1922.

NOTE.—The individual stockholders and managers of all of the above companies (except Iowa) hold an option to purchase the stock owned in their respective companies by the International Harvester Company and in the case of the Marshall Implement Company, No. 19, the option has been exercised so that the International Harvester Company has the greatest interest in said company for some time. In three of the other companies, No. 20, 21, and 22, the corporation is not yet completed, but it is the understanding that similar options will be given in due course. Each of the above (and five corporations were incorporated under the laws of the state where the place of business, no above set out, is located.

Petitioner's Exhibit (S) 4

INTERNATIONAL HARVESTER COMPANY—STATEMENT SHOWING NUMBER, SEPARATED BY LINES, OF GRAIN BINDERS, REAPERS, HEADERS AND PUSH BINDERS, MOWERS, BULKY RAKES, WIDE-DELIVERY RAKES, TEDDERS, COMBINATION SIDE RAKE AND TEDDERS, AND CORN BINDERS SOLD IN THE UNITED STATES BY THE INTERNATIONAL HARVESTER COMPANY OF AMERICA DURING EACH YEAR FROM 1912 TO 1923, INCLUSIVE

DECEMBER 26, 1923

777 GRAIN BINDERS

	Cham- plin	Deering	McCor- mick	Milwa- ukee	Osborne	McCor- mick- Deering	Miscel- laneous	Total
1912	2,441	51,540	47,065	5,851	3,998		584	111,447
1913	1,700	44,900	42,247	4,024	3,399		286	96,750
1914	1,691	40,990	45,132	3,919	3,664		220	101,365
1915	1,482	54,769	51,445	3,905	3,465		211	115,808
1916	698	35,976	30,536	1,769	2,238		170	69,329
1917	495	35,392	31,182	1,690	2,306		74	69,121
1918	474	31,919	31,164	1,165	1,574		87	66,182
1919		46,094	36,052	1,236			165	83,477
1920		32,120	27,430	173			48	60,790
1921		9,537	10,764	4			1	20,306
1922		12,644	17,065	57		250	1	30,017
1923		11,171	15,650	26		3,514		24,161

778 REAPERS

1912	56	796	1,043	75	343		4	2,187
1913	52	777	1,151	92	344		4	2,322
1914	39	631	896	91	190		1	1,854
1915	36	661	910	89	179		6	1,825
1916	40	733	827	85	136		6	1,779
1917	14	737	753	41	79			1,618
1918	25	650	598	20	91			1,214
1919		649	596	7				1,252
1920		411	650	11				1,072
1921		187	339					526
1922		145	307					452
1923		66	141			172		401

779 HEADERS AND PUSH BINDERS

	Cham- plin	Deering	McCor- mick	McCor- mick- Deering	Miscel- laneous	Total
1912		562	2,073	3,059	114	5,708
1913		542	2,173	2,864	90	5,569
1914		596	2,019	2,499	165	5,279
1915		590	2,907	4,001	99	7,597
1916		555	2,136	3,105	24	5,820
1917		60	2,368	2,434	6	4,867
1918		74	2,080	2,400	1	4,555
1919			2,413	3,025		5,438
1920			1,726	2,773		4,499
1921			1,251	1,490		2,741
1922			1,166	593		1,759
1923			266	61	693	1,040

NOTE.—There were no headers or push binders in the Milwaukee or Osborne line.

780

MOWERS

	Cham- pion	Deering	McCor- mick	Mc- Wankee	Osborne	Miscel- laneous	Total
1912	5,553	63,300	78,972	6,984	10,781	647	164,267
1913	4,314	60,300	74,021	6,534	10,731	531	156,541
1914	3,190	50,790	62,961	5,419	9,379	422	124,791
1915	3,057	50,781	67,992	2,005	8,686	379	124,301
1916	2,390	50,496	66,767	4,473	9,054	456	121,696
1917	1,901	50,831	60,736	3,269	7,239	49	117,645
1918	841	55,652	44,986	1,679	3,882		87,311
1919		35,120	46,960	1,200			83,210
1920		41,960	50,963	2,331		10	103,917
1921		16,920	22,019	56			38,995
1922		20,255	27,127	280			63,662
1923		27,143	42,006	190			70,341

781

BULKY RAKES

	Cham- pion	Deering	McCor- mick	McWan- kee	Osborne	McCor- mick- Deering	Misc.	Total
1912	5,343	33,190	44,673	3,119	10,659		432	97,333
1913	3,914	33,340	43,349	2,973	11,180		364	95,060
1914	2,761	26,941	34,642	2,032	8,989		470	71,065
1915	3,711	20,720	33,391	2,065	7,829		565	72,216
1916	1,949	26,567	33,901	1,902	6,329		73	72,670
1917	1,406	21,961	31,623	1,319	6,909		17	63,235
1918	473	12,773	17,782	560	2,754		1	34,573
1919		13,709	20,037	500				34,246
1920		16,540	20,666	829				43,735
1921		4,310	10,736	3				15,049
1922		13,373	10,696	91				24,160
1923		4,060	1,960	30		21,317		27,357

SIDE-DELIVERY RAKES

	Osborne	Keystone	Inter- national	Total		Osborne	Keystone	Inter- national	Total
1912	5,947	4,973	654	8,574	1913	3,127	3,949	131	5,907
1914	3,372	3,860	833	8,065	1915		3,967	1,431	5,398
1916	3,781	4,820	101	11,702	1916		479	3,719	4,198
1917	4,119	4,975	659	11,753	1917			719	719
1918	4,196	4,943	643	11,682	1922			290	290
1917	3,904	4,943	180	10,027	1927			94	94

TRIDERS

	Cham- pion	Deering	McCor- mick	Osborne	McCor- mick- Deering	Misc.	Total
1912		160	1,697	1,791	1,994	690	6,342
1913		196	3,673	2,220	2,629	1,079	8,497
1914		280	1,795	1,990	1,990	914	7,159
1915		349	1,901	2,014	1,901	1,141	7,206
1916		222	1,951	2,199	1,950	690	7,113
1917		0	3,203	1,999	1,999	1,160	8,761
1918		0	1,960	1,414	1,962	101	4,437
1919			803	1,010		1,479	3,292
1920			774	790		1,711	3,275
1921			393	390		690	1,473
1922			479	490		979	1,939
1923			99	191	1,199		2,389

There were no tridders in the McWankee line sold during the years 1913 to 1923.

COMBINATION SIDE RAKE AND TEDDERS

	Inter- national	McCor- mick Deering	Total		Inter- national	McCor- mick- Deering	Total
1912				1918	3,089		3,089
1913				1919	4,579		4,579
1914				1920	5,387		5,387
1915				1921	6,495		6,495
1916	114		114	1922	7,563		7,563
1917	1,305		1,305	1923		8,983	8,983

CORN BINDERS

	Cham- pion	Deering	McCor- mick	Milwau- kee	Osborne	Misc.	Total
1912	37	11,969	15,697	3,047	1,188		30,274
1913	68	14,856	14,026	2,985	1,448	1	33,264
1914	68	13,101	15,064	3,012	1,424	1	32,590
1915	1	10,730	11,000	2,383	1,218	0	25,385
1916		7,333	8,359	1,646	830		18,367
1917		13,852	16,817	2,965	1,267		34,861
1918		7,677	9,642	1,294	691	1	18,846
1919		6,446	6,370	1,272			16,088
1920		6,783	10,030	1,212			21,088
1921		2,765	2,839	339			5,892
1922		4,449	4,561	267			9,257
1923		5,895	7,253	273			13,419

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Petitioner's Exhibit (S) 5

STATEMENT SHOWING AMOUNT EXPENDED IN ADVERTISING EACH OF THE FOLLOWING HARVESTING MACHINE LINES, CHAMPION, DEERING, MCCORMICK, MILWAUKEE, OSBORNE, DURING 1918

Champion	\$8,776.38
Deering	23,894.54
McCormick	33,295.33
Milwaukee	9,024.47
Osborne	10,523.58
Total	\$96,024.30

The above advertising expenditures include money spent advertising in implement trade papers, farm journals, pamphlets, including postage, also signs, posters—in fact, all expense except the general overhead, salaries, and expense of our advertising department.

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Petitioner's Exhibit (S) 6

INTERNATIONAL HARVESTER COMPANY—INVESTMENT IN PLANT AND MACHINERY AT AUBURN, DEERING, MCCORMICK, AND SPRINGFIELD WORKS AS OF JANUARY 1, 1918

	Auburn	Deering	McCormick	Springfield
Real estate	\$277,475	\$1,901,308	\$1,861,700	\$363,467
Buildings	1,030,749	2,435,346	4,214,691	781,010
Machinery and equipment	1,962,848	2,341,813	4,415,279	985,981
Total	\$2,269,060	\$7,368,455	\$12,531,669	\$2,651,459
Less: Reserve for depreciation	698,023	2,013,916	2,783,075	722,599
Net investment	\$1,569,036	\$5,354,539	\$9,748,594	\$1,927,859

Notes.—The above figures comprise the total plant investment at those four plants used in manufacturing their various products. Aside from the comparatively small investment in patterns, jigs, dies, and special machine tools applicable to each kind of product, the plant investment is utilized in common for all products manufactured. It is not possible, therefore, to segregate the plant investment by lines.

In 1907 the Champion line was manufactured at Springfield works, the Deering line at Deering works, the McCormick and Milwaukee lines at McCormick works, and the Osborne line at Auburn works.

*Exhibit (S) 7*STATEMENT SHOWING SALES PRICE OF MACHINERY AND OTHER PLANT EQUIPMENT
USED IN THE MANUFACTURE OF OGDORNE LINE SOLD TO EMERSON BRANTINGHAM
COMPANY

Equipment sold under contract:

For current Machines—

	Amount
Patterns.....	\$38,985.02
Cure boxes.....	3,331.02
Flasks and chills.....	4,213.21
Tools and jigs.....	25,835.52
Samples.....	3,059.46
Progressive assembly equipment.....	221.90
	<hr/> \$75,647.42

For current repair parts—

Patterns.....	\$3,472.61
Cure boxes.....	252.79
Flasks and chills.....	218.00
Tools and jigs.....	428.91
Samples.....	613.39
	<hr/> 5,025.70

For old repair parts—

Patterns.....	\$467.07
Cure boxes.....	0.09
Flasks and chills.....	2.33
Tools and jigs.....	62.64
Samples.....	40.25
	<hr/> 561.35

Special machine tools—

For binders.....	\$2,143.24
" mowers.....	7,122.08
" rakes.....	100.70
" rakes and corn binders.....	551.25
	<hr/> 9,925.27

Standard machine tools—

For binders.....	2,576.25
" mowers.....	6,476.70
	<hr/>

Total.....\$100,212.00

Equipment sold under option in contract:

Knife and bar equipment.....	\$9,461.25
Reckon equipment.....	1,100.50
Special rake-tooth machines and equipment.....	800.88
Woodworking machines.....	1,100.00
References.....	400.00
Wheel machines.....	30,250.00
Other standard machinery.....	2,127.50
Miscellaneous.....	4,504.20
	<hr/>

Total.....\$49,946.41

Grand total.....\$150,158.40

2ND STATEMENT SHOWING SALES PRICE OF MACHINERY AND OTHER PLANT EQUIPMENT
USED IN THE MANUFACTURE OF CHAMPION LINE SOLD TO E. F. ATHER

a 2000

Equipment sold under contract:

	Amount
Miscellaneous and minor equipment for manufacture of "Champion" binders, rakes, headers, and push binders, mowers, rakes, side-delivery rakes, and combined side de- livery rakes & trollers (see detailed list available).....	\$75,000.00

Equipment sold under option in contract:

Machine tools for—	Amount
Grey-iron mill room.....	\$488. 00
Forge department.....	544. 00
Bar & knife department.....	88. 00
Machine department.....	4,375. 00
Wheel department.....	909. 00
Binder and mower department.....	1,604. 00
Wood department.....	959. 00
Miscellaneous.....	12,044. 00
Grand total.....	\$26,711. 00

Description, or of the commodity.	United States										International Harvester Co.									
	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919
Tractors, & parts	Champion	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Crops, tractors, regular, with	Champion	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Crops, tractors, regular, with	Champion	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Crops, tractors, regular, with	Champion	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Max'um	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00

* No machine of this kind in line.
 † Manufacture discontinued, now replaced by McCormick Farming type.

JANUARY 4, 1924.

MEMORANDUM OF CORPORATE CHANGES IN THE ORGANIZATION OF THE
INTERNATIONAL HARVESTER COMPANY SINCE 1912

1. On January 27, 1913, a new corporation, known as the International Harvester Corporation, was formed under the laws of the State of New Jersey with a capital stock of \$40,000,000 par value common and \$30,000,000 par value preferred. This corporation took over and purchased substantially half of the assets and business of the old International Harvester Company, giving in payment therefor all of its capital stock. The old International Harvester Company thereupon reduced its capital stock from \$60,000,000 to \$30,000,000 preferred and from \$80,000,000 to \$40,000,000 common and distributed to its stockholders all of the common and preferred stock of the International Harvester Corporation in exchange for and retirement of an equal amount of its own stock. The principal properties taken over by the International Harvester Corporation were the properties in United States for the manufacture of the so-called "new lines"—namely, the Milwaukee, Tractor, Plano, Weber, and Akron plants and all of the foreign business and assets. The name of the old International Harvester Company was changed to International Harvester Company of New Jersey at the same time that its capital stock was reduced from \$140,000,000 to \$70,000,000.

2. Under a contract dated January 27, 1917, and effective as of January 1, 1917, the International Harvester Company of New Jersey purchased and took over certain properties at their book value from its own subsidiary, the Wisconsin Steel Company. The properties taken over were the Wisconsin Steel Works at South Chicago with all equipment and materials, the machinery, equipment, and materials at the Deering Rolling Mills, Chicago, all of the iron-ore properties in the State of Minnesota, and the steamship "Harvester," an ore boat. After this transfer the principal remaining assets of the Wisconsin Steel Company were the coal properties, mines, and coke ovens at Benham, Kentucky.

3. On September 19, 1918, the International Harvester Company of New Jersey and International Harvester Corporation were merged into one company under the name of International Harvester Company. This transaction was under the merger laws of New Jersey. The new company had an authorized capital stock of \$80,000,000 preferred and \$80,000,000 common, of which \$80,000,000 common and \$60,000,000 preferred was issued in exchange for the outstanding stock of the two merging companies.

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Petitioner's Exhibit (S) 10

DOMESTIC SALES, HARVESTING MACHINES

Description	1919	1920	1921	1922	1923
"Standard" mowers	8,139	11,362	3,199	3,381	4,181
"Emerson" rakes (sully)*	2,816	2,492	511	592	296
Osborne grain binders	3,522	4,980	762	844	191
Osborne corn binders	835	977	474	472	498
Osborne mowers	2,749	4,720	1,741	2,107	2,080
Osborne rakes (sully)	2,303	3,829	2,628	2,192	3,226
Reserve	0	0	0	0	0

*Includes Canada: 2nd export for years 1919, 1920, 1921, and 1922, but the quantities are small—namely, not to exceed two or three hundred machines per annum.

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Petitioner's Exhibit (S) 11

BRANCH HOUSES MAINTAINED BY EMERSON-BRANTINGHAM CO. FOR DISTRIBUTION OF HARVESTING MACHINES

1919	1920	1921	1922	1923
Columbus, Ohio				
Dallas, Tex.				
Amesbury, Tex.				
Des Moines, Iowa				
Harrodsburg, Pa.				
Salisbury, N. C.				
Albany, N. Y.				
Lawson City, Mo.				
Denver, Colo.				
Oklahoma City, Okla.				
Wichita, Kan.				
Minneapolis, Minn.	Same as 1919	Same as 1919	Same as 1919	Same as 1919
Fargo, N. D.				
Billings, Mont.				
Omaha, Neb.				
Rockford, Ill.				
Peoria, Ill.				
Indianapolis, Ind.				
St. Louis, Mo.				
Nashville, Tenn.				
San Francisco, Cal.				
Regina, Sask., Canada				
Winnipeg, Man., Canada				
Brandon, Sask., Canada				
Edmonton, Alta., Canada				

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Petitioner's Exhibit (S) 12

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INCOME ACCOUNT

Profit from operations after deducting cost of manufacture, discounts, freight, etc.	\$414,000.97
Add—interest collected on receivables and miscellaneous income	155,881.67
	\$569,942.64
Deduct—distribution and selling expenses, collection expenses, etc.	\$1,441,898.71
Administrative and general expenses, including proportion of General Taxes	127,008.19
Provision for bad and doubtful notes and accounts charged off, absorption of excess loss due in part to idle plants, sale of surplus stocks, etc.	690,443.33
	2,260,250.23
Net loss before charging depreciation and interest	\$1,690,307.59

Provision for depreciation.....	\$239, 117. 83
Net loss before charging interest on loans.....	\$1, 929, 425. 42
Interest on loans.....	516, 360. 36
Net loss for the year carried to balance sheet.....	\$2, 445, 785. 78

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ASSETS

Property account:

Land, buildings, machinery, and equipment	\$9, 258, 757. 53
Less—reserve for depreciation.....	1, 365, 408. 75
	\$7, 893, 348. 78
Patents and good will.....	4, 614, 402. 71
Common capital stock purchased: Held for sale to employees (at cost).....	50, 508. 00

Current assets:

Stock of raw material, work in process, and finished product and parts at cost or market, whichever is lower.....	\$9, 680, 241. 78
Customers' notes and accounts receivable, including accrued interest.....	\$3, 115, 643. 67
Less—Commission certificates outstanding.....	67, 586. 37
	3, 048, 057. 30
Sundry debtors, working funds, etc.....	173, 014. 52
Receivables and cash in continental Europe at current exchange rates.....	96, 586. 40
Miscellaneous real estate acquired under foreclosure and advances thereon.....	47, 987. 05
Cash in domestic banks and on hand.....	731, 510. 72
	13, 777, 406. 71
Deferred charges to profit and loss: Insurance unexpired, interest prepaid, etc.....	102, 897. 97
Total assets.....	\$26, 478, 654. 83
Debit:	
Balance at October 31, 1921.....	\$278, 346. 35
Add—loss for the year ending October 31, 1922.....	2, 445, 785. 78
	2, 724, 132. 13
	\$29, 202, 786. 96

(Pg. 11)

LIABILITIES

Capital stock:	Authorized	Issued
7% cumulative preferred.....	\$20, 000, 000. 00	\$11, 064, 500. 00
Common.....	20, 000, 000. 00	10, 132, 500. 00
		\$21, 217, 000. 00
Current liabilities:		
Notes payable.....		\$6, 186, 791. 40
Accounts payable, including general taxes accrued.....		1, 049, 097. 24
		7, 237, 888. 64
Reserve for contingent losses on receivables: Discounts, future collection expenses, and contingencies.....		747, 866. 32
Contingent liabilities: In respect of export trade acceptances sold.....		\$92, 871. 19
		\$29, 202, 786. 96

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Petitioner's Exhibit (S) 13

PRICES TO DEALERS—HARVESTING MACHINES

	1919	1920	1921	1922	1923 9-15-22	1925 1-25-23
BINDERS						
4 ft. w/bdl. carrier	175.00	165.00	191.00	146.00	146.00	156.00
7 ft. " "	179.00	170.00	197.00	151.00	151.00	161.00
9 ft. " " & tongue truck	203.00	192.00	222.00	170.00	170.00	180.00
Corn binder w/bdl. carrier	175.00	165.00	191.00	146.00	146.00	156.00
MOWERS						
8 ft. 3 1/2', plain	61.00	58.00	69.00	52.00	52.00	57.00
1-3 1/2', vertical	62.00	59.00	70.00	54.00	54.00	59.00
3-4 1/2', plain	64.00	61.00	72.00	55.00	55.00	60.00
3-4 1/2', vertical	65.00	62.00	73.00	56.00	56.00	61.00
3-5', plain	66.00	63.00	74.00	57.00	57.00	62.00
3-5', vertical	67.00	64.00	75.00	58.00	58.00	63.00
3-6', plain	68.00	65.00	76.00	59.00	59.00	64.00
3-6', vertical	69.00	66.00	77.00	60.00	60.00	65.00
3 ft. reaper	90.00	85.00	105.00	85.00	85.00	90.00
RAKES						
8 ft. 30-tooth	34.00	31.00	35.50	25.75	25.75	27.75
9 ft. 25 "	35.00	32.00	36.75	26.25	26.25	28.25
9 ft. 20 "	36.00	33.00	37.75	27.25	27.25	29.25
9 ft. 18 "	37.50	34.50	38.50	28.25	28.25	30.75
10 ft. 32 "	39.00	36.00	40.00	28.75	28.75	31.75
10 ft. 30 "	40.50	37.50	41.75	29.00	29.00	32.00
12 ft. 32 "	42.50	41.00	45.00	30.25	30.25	33.25
12 ft. 30 "	45.50	43.50	48.25	34.75	34.75	36.75

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Petitioner's Exhibit (S) 14

CONTRACT DATED JULY 19, 1918, BETWEEN INTERNATIONAL HARVESTER COMPANY OF NEW JERSEY, FIRST PARTY, AND EMERSON-BRANTINGHAM COMPANY, SECOND PARTY, RELATING TO THE SALE OF THE OSBORNE LINE OF HARVESTING MACHINERY

[Copy]

794 This agreement, made and executed in duplicate this 19th day of July, 1918, between International Harvester Company of New Jersey, a corporation of the State of New Jersey (hereinafter called "first party"), and Emerson-Brantingham Company, a corporation of the State of Illinois (hereinafter called "second party").

Witnesseth:

Whereas, first party has for many years manufactured at its plant at Auburn, New York, a line of harvesting machinery consisting of grain binders, corn binders, mowers, reaping attachments and reapers, branded and known in the trade as the Osborne harvester line (hereinafter referred to as "Osborne machines" or "Osborne harvesting line"), and has marketed the same in the United States through its subsidiary, the International Harvester Company of America, and in foreign countries through the International Harvester Corporation, and other jobbers;

And whereas, second party desires to acquire the exclusive right to manufacture and sell said Osborne line of harvesting machinery

and with that end in view to purchase of first party the trade name and good will attaching thereto, the factory equipment for the manufacture of said machines and repair parts, and the on-hand stock of machines and repairs;

And whereas, terms of sale for all the aforesaid property and business have been agreed upon and the parties have also agreed upon arrangements for the convenient and orderly transfer of the same and the continued manufacture by first party of the machines and repairs necessary for second party's trade pending the time when manufacture can be begun by second party;

Now, therefore, the parties hereto have executed this contract to evidence their agreement with respect to the above matters as follows:

I

Sale of trade name, good will, and development expense

In consideration of one dollar (\$1.00), the receipt whereof is hereby acknowledged, and of the purchase of the equipment, machines, and repairs hereinafter mentioned, and the other covenants of second party herein contained, first party hereby transfers, sells, and assigns to second party the following:

1. Trade name.—All of its right, title, and interest in the name "Osborne" as a trade-mark, trade name, or brand in connection with grain binders, corn binders, reapers and mowers, and reaping attachments, and first party agrees not to use the name Osborne hereafter in connection with any such machines or any other machines of any kind or type and to discontinue said name as rapidly as practicable on all kinds of machines, other than those sold hereunder, it being understood however that first party may continue to manufacture and sell under another name any machines, other than harvesting machines, heretofore sold under the Osborne name; in consideration whereof second party agrees that it will not use the name Osborne in connection with any line or kind of machines other than the harvesting machines specifically mentioned above.

2. Good will.—First party also transfers and sells to second party all good will connected with or incidental to its Osborne line of harvesting machinery, including the good will of its subsidiary, the International Harvester Company of America, and agrees to furnish second party, promptly after the execution of this contract, with a complete list of the names of all of its retail and jobbing customers in the United States who have handled or sold any of the Osborne line of harvesting machinery during the years 1916, 1917, or 1918; to further effect the transfer of such good will first party agrees that in all towns throughout the United States where a dealer is now handling its Osborne line of harvesting machinery first party will use its best efforts to insure such dealer continuing to sell such Osborne line for the years 1919 and 1920.

3. Development expense.—First party agrees to deliver to second party all advertising matter, cuts, electros, plates, catalogs, and direction papers relating to said Osborne machines and repairs, and all shop drawings, blue prints, and wood patterns relating thereto—all to be held subject to the order of second party after the execution of this contract.

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II

Sale of equipment

1. Description of equipment sold.—First party agrees to sell and second party agrees to buy, at the valuations fixed as hereinafter indicated, the following equipment for the manufacture of the aforesaid line of Osborne harvesting machinery and repairs, namely: All grey and malleable iron metal patterns for hand and molding machines, flasks, core boxes, plates, and dryers, together with any and all other foundry equipment, including special molding machines, also all jigs, templates, dies, and samples used by the party of the first part in manufacturing completed Osborne machines and repairs.

2. Valuation.—All of said equipment shall be valued as follows:

(a) The purchase price of all of the above-mentioned equipment now used by first party in the manufacture of current completed machines, or repair parts for same, shall be its pre-war (1914) replacement cost, less reasonable depreciation for wear and tear from the dates actually acquired by first party to the date of sale hereunder.

(b) Any of the above-described equipment used exclusively in the manufacture of repair parts that have been current on machines manufactured since July 1, 1908, but not current on the present machines manufactured, shall be paid for at twenty-five per cent (25%) of the value as outlined in the preceding paragraph.

798 (c) Any of the above equipment used exclusively for the manufacture of repair parts for machines the manufacture of which was discontinued on or before July 1, 1908, shall be sold and paid for at its then scrap value f. o. b. cars Auburn, New York.

(d) First party agrees that, should the appraised value of the above described equipment exceed one hundred twenty-five thousand dollars (\$125,000), the purchase price shall be reduced to one hundred twenty-five thousand dollars (\$125,000), so that second party shall not pay more than said amount for all of such equipment in any event.

3. Option to buy other property.—Second party shall have the right and option to buy such special machines used exclusively in the manufacture of Osborne machines as it may select prior to October 15th, 1918, provided, however, that such option shall extend to November 1st, 1920, as to all equipment used exclusively in the manufacture of sections, knives, and guard plates, with the under-

standing that if before that date second party shall have taken over the other equipment purchased hereunder and first party shall desire to use all or any of such section, knife, or guard plate, equipment at any of its other works and shall notify second party in writing of this fact. Second party's option to purchase such equipment shall cease unless exercised within sixty (60) days after receipt of said notice. All equipment selected under this option shall be sold and paid for on the basis of cost to first party less reasonable depreciation for wear and tear less twenty-five per cent (25%) f. o. b. cars Auburn, New York.

4. Appraisal.—First party and second party shall each appoint a representative to appraise all equipment to be sold hereunder in the manner above provided, and their joint appraisal shall be final. In case said representatives are unable to agree, the items in dispute shall be referred to the officers of the respective parties. If they cannot agree, the officers of the respective parties shall agree upon some reputable public accountant to act as umpire, and the items in dispute shall be referred to him and his decision shall be final. The appraisals shall be begun as soon as practicable and completed by October 15th, 1918.

5. Terms of payment.—Second party agrees to pay for all of the above mentioned equipment as follows: One-third ($\frac{1}{3}$) cash on or before November 1, 1918, and the balance to be covered by second party's note to the order of first party, dated November 1, 1918, drawing interest from date at five per cent (5%) per annum and payable November 1, 1919; provided, however, that in case the purchase of any equipment for manufacture of sections, knives, and guard plates is deferred as above provided until after November 1, 1918, the same shall be settled for in cash within sixty (60) days after electing to take the same, at its appraised value as and when purchased.

6. Conveyance and delivery.—As soon as second party shall have settled in full for the above equipment (excepting that for sections, knives, and guard plates) by payment of one-third ($\frac{1}{3}$) in cash and the balance by note as above provided, first party will give second party a bill of sale covering all of the property so sold and paid for. Actual delivery is to be deferred until such time as second party shall elect, but not beyond thirty (30) days after first party shall have completed all manufacturing required of it as hereinafter provided, and in the meantime first party shall have the right to use said equipment for the manufacture of machines and repairs for second party and agrees to keep the same in good repair, ordinary wear and tear excepted. Delivery of all of said equipment shall be made f. o. b. cars at Auburn, New York, properly boxed or skidded.

Manufacture and sale of machines, etc.

It is agreed that first party shall finish the sales season of 1918, making all sales of Osborne machines and repairs for its own account until October 1, 1918, but filling no orders for delivery after that date except when obligated to do so under existing contracts and all such orders shall be considered as filled for the account of second party and settled for accordingly. First party will notify second party on October 1st or as soon thereafter as possible of the number and kind of machines it is obligated to deliver after that date.

As second party will not be able to remove and install said equipment in its own works in time to manufacture the machines and repairs required for its 1919 season, and the continuance of war conditions with labor shortage, etc., will probably make it impracticable for second party to undertake such manufacture until after the termination of the war, first party agrees to continue to manufacture Osborne machines and repairs and sell the same to second party at the prices and terms hereinafter provided for a time limited as follows: First party's obligation to manufacture hereunder shall continue in any event until it has completed all manufacturing orders placed by second party for its 1919 selling season ending October 1, 1919, and for such longer period as second party may elect up to the termination of the war with Germany (as evidenced by proclamation of the President of the United States), provided that if the war shall end during a manufacturing season, all orders placed for that season shall be completed, or if it shall end at a time when it would be impossible for second party to transfer said equipment and manufacture for itself its entire requirements for the following season, first party will continue to manufacture machines and repairs for second party for such time after the termination of the war as may be reasonably necessary in order that second party will suffer no shortage or break in its supply by reason of taking over the equipment and manufacturing for itself.

In case second party elects to have first party manufacture hereunder the whole or any portion of its requirements for any selling season after 1918, it shall notify first party in writing on or before April first preceding the manufacturing year and thereafter manufacturing orders specifying said requirements in detail shall be placed as provided below:

1. On hand machines.—Second party agrees to purchase all Osborne machines in salable condition on hand at first party's Auburn, New York, works or on the territory on October 1, 1918. An inventory of all machines on hand on that date shall be promptly taken, listing the same according to location, and a copy furnished second party. Said machines shall be delivered and paid for as

provided below, it being understood that all machines shall be in first-class salable condition and of up-to-date construction and if not in that condition shall be made so before delivery.

2. Manufacturing orders.—As soon as practicable and before August 15, 1918, first party will furnish second party with an estimate of the machines on hand on the territory and location of the same, and, upon receipt of such estimate, second party will promptly place a manufacturing order for fifty per cent (50%) of its additional requirements for the 1919 season, including its foreign requirements, and the balance of its manufacturing order for the 1919 season shall be placed before November 1, 1918. For 1920 or subsequent years so long as first party continues to manufacture hereunder, second party will place its manufacturing orders on request in ample time for first party's manufacturing season.

3. Prices for 1919 and subsequent years.—All machines in salable condition at first party's works or on the territory as aforesaid, and all machines manufactured for second party for its 1919 season, shall be sold and paid for at the prices named in the schedule attached hereto. The prices for machines manufactured for 1920 and subsequent seasons shall correspond to the schedule prices for 1919 with such changes as may be necessary in view of the increased or decreased cost of labor and materials. The prices for each season shall be agreed upon annually and incorporated in a revised schedule at the same time second party's manufacturing order is placed, but not later than May first.

4. Terms.—On machines shipped from Auburn delivery shall be f. o. b. Auburn or Chicago at second party's option. On machines on hand October 1, 1918, on the territory, there shall be a freight adjustment to make the delivery equivalent to f. o. b. Chicago or f. o. b. Auburn, as second party may elect. Second party will use its best endeavors to relieve all of first party's branch houses of their stocks as soon as possible by ordering shipment to its own nearest branch houses, but shall not be required to move the excess stocks in any territory until needed therein, unless first party is willing to make delivery at a more distant point with freight adjusted as above, provided, however, that all machines remaining at first party's warehouses July 1, 1919, shall in any case be removed by August 1, 1919, and if not then needed at second party's nearest warehouse, may be shipped to the more distant points where needed, with the same freight adjustment as above.

Payment for all machines on hand October 1, 1918, and those subsequently manufactured in pursuance of second party's orders for its 1919 trade, shall be due on November 1, 1919, provided that all of such machines then unsold by second party, not exceeding twenty-five per cent (25%) of the quantity of each kind of machine, may be settled for by second party's note, due without interest on November 1, 1920; and provided further that if the number of

machines of any kind on hand October 1, 1918, and purchased by second party hereunder, shall exceed first party's entire sales of said machines during the 1918 season, second party shall be entitled to an extension of time, without interest, for payment for such excess number to November 1, 1920, in addition to the extension on twenty-five per cent (25%) as above provided. Machines manufactured for 1920 or subsequent seasons shall be settled for in the same manner and at corresponding dates, provided, that if the last order filled is for less than a full season's supply, it shall be paid for in full at the first settlement date without any extension for carry over.

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IV

Manufacture and sale of repairs

The first party agrees to sell and the second party agrees to buy repair parts for Osborne machines subject to the following terms and conditions:

1. On hand repairs.—First party shall furnish the second party a detailed inventory of all Osborne repairs on hand at each of the first party's branch houses and transfer houses, as of October 1, 1918, and second party shall, as soon thereafter as possible, notify first party in writing the total number of each repair part second party desires to purchase and have shipped to its respective branch houses, transfer houses, or works. All such repairs shall be invoiced to second party at thirty per cent (30%) of the last published list prices of first party, f. o. b. second party's branch houses, transfer houses, or works to which shipped, except, however, that all repairs for parts that have not been embodied in said Osborne machines manufactured by first party since July 1, 1908, shall be invoiced at twelve and one-half per cent (12½%) of said list price.

In payment for such repairs second party shall give its promissory notes to first party in three (3) equal amounts payable, without interest, on the first days of October, 1919, 1920, and 1921, respectively, with interest at five per cent (5%) per annum after maturity.

806 Any portion of the October 1, 1918, inventory of repairs remaining after selling to second party such portion as it elects to take, as above provided, may be disposed of by first party as it may elect, provided, however, that no such repairs shall be sold by first party to the trade.

2. Manufacture of repairs.—During the period that first party agrees herein to manufacture completed machines for second party, it further agrees to manufacture repair parts for Osborne machines upon receipt of written order or orders from second party. Second party agrees to give said order or orders to first party in ample time to permit it to manufacture in time for seasonable sale. All repairs

shall be invoiced by first party at thirty per cent (30%) of the last, that is the present, published list price of first party, provided that if the period of manufacture is extended beyond 1919 and first party shall issue any new list prices on similar repairs for its other lines of harvesting machinery, the prices hereunder shall be thirty per cent (30%) of the present list of corresponding changes.

All repairs shipped in carload lots or in mixed carloads with machines shall be delivered f. o. b. Auburn or Chicago at second party's election (i. e. l. shipments f. o. b. Auburn only). All repairs ordered from the factory for the 1919 season shall be paid for in cash on October 1, 1919, and settlement for subsequent years shall be on the corresponding date.

807 3. Repair stock to be carried at Auburn.—During the period that first party is manufacturing Osborne machines for second party, said first party agrees to carry at its Auburn, New York, works, a stock of repairs similar in quantity to that carried by it at said works prior to the date of this agreement to protect emergency orders received from its branch houses. Second party agrees, however, to use its best judgment in placing manufacturing orders for sufficient number of repairs to protect the trade, it being understood that the carrying of a stock at the works by first party is not to relieve second party from furnishing manufacturing orders to adequately take care of the seasonable requirements, and that the purpose of this paragraph is simply to insure a prompt and efficient repair service for the users of Osborne machines. Second party agrees that the first party shall assume no liability for a shortage of repair parts provided it has used reasonable care in carrying said stock.

When first party ceases to manufacture hereunder and the equipment is transferred to second party's works, second party shall take over and purchase the stock of Osborne repairs then on hand at Auburn; provided, that if such stock of repair parts then exceeds the amount required by second party for twelve (12) months' requirements following the date of transfer, second party may at its option decline to take over the excess of such stock above the

808 twelve (12) months' requirement. All such repairs shall be paid for at the prices above stated within ninety (90) days after shipment, second party agreeing to order shipment promptly. If at the time of transfer of equipment there are any parts for current machines on hand at Auburn known as work in progress, such parts are to be taken over and purchased by second party at first party's manufacturing costs and paid for within thirty (30) days after shipment.

4. Repair stocks to be carried by second party.—Second party agrees to carry at all times hereafter at its branch houses, transfer houses, and works an adequate supply of repair parts for Osborne machines to enable the trade to promptly furnish the present users of Osborne machines with such repairs as may be reasonably needed

to satisfactorily operate said machines. The furnishing of prompt and satisfactory repair service by second party to present users is one of the considerations for first party's agreement to sell the Osborne line and for its other covenants herein contained.

V

Manufacture and sale of malleables, canvases, and twine

1. Malleable castings.—To further assist second party in establishing its trade in the Osborne line and as inducement to the purchase thereof, it is contemplated that after the manufacture 809 of said line has been taken over by second party, first party will manufacture and sell to second party, if it so desires, such malleable castings as it may need for its Osborne machines and repairs at the current market price for such castings—that is, at such price as second party would have to pay elsewhere, freight to Rockford considered. If second party desires to avail itself of this offer for any year, it shall give notice in ample time before the manufacturing season, and annual contracts shall be executed providing the quantities to be furnished and price and terms of payment. First party may terminate all obligations to furnish castings hereunder on October 1, 1922, or on October 1st of any year thereafter upon giving six months' notice in advance.

2. Canvases.—First party also offers to manufacture and furnish canvases for said Osborne machines and repairs, if required, under annual contracts, providing prices and terms are agreeable to both parties.

3. Twine.—First party also offers to manufacture and sell to second party a brand of twine for sale in connection with its Osborne machine trade, to be tagged with the name "Osborne," or such other name (different from first party's own brands) as second party may desire, the quality to be equal to that of first party's McCormick and Deering twine, and the quantities, prices, and terms to be agreed upon and embodied in annual contracts.

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VI

Assistance in Organization

First party agrees to use its best endeavors to assist second party in securing foremen and other experienced or technical help needed for its works organization for the manufacture of the Osborne lines, and if second party so desires, to make a special effort to furnish at second party's expense one good man for superintendent of its new binder department; also to furnish several good territory experts in such territories as second party may desire, and at second party's expense.

Should second party so elect it may place not to exceed five men from its present force in the various departments at the Osborne works, to work on the parts and assembling of Osborne machines of

the kinds sold hereunder—it being understood that first party will pay these men only such amount as is actually earned on the basis of the amounts paid to other employes in the Osborne works for like work.

VII

Miscellaneous

1. It is one of the considerations for second party's covenants herein, that first party will and does hereby undertake to use its best endeavors to change the designs of its several Osborne grain
811 binders and corn binders (in so far as found practicable without destroying their efficiency or durability) with a view of reducing the weight to approximate the weights of the corresponding McCormick machines and first party guarantees to reduce the weights of the Osborne grain binders at least one hundred pounds each, and the weight of the corn binders at least fifty pounds. First party agrees to promptly employ its experimental department on this work at its own expense and also to provide any additional patterns or other equipment required to manufacture machines with such changes as may be decided upon, all such experimental work to be in consultation and collaboration with second party. All such additional equipment shall be taken over by second party at the time of the transfer of the other equipment and paid for at its pre-war (1914) replacement cost subject to the limitation of one hundred twenty-five thousand dollars (\$125,000) above provided for all equipment except special machines. It is understood that all machines ordered for the 1919 season are to be of the present design without change.

2. It is understood that all manufacturing orders placed hereunder for machines, repairs, twine, malleable castings, canvases, etc., shall not exceed the reasonable requirements of second party for its Osborne trade, and that first party is not to be responsible for failure to meet such requirements where prevented by strikes, fires, acts of God, governmental interference, or other causes beyond its reasonable control.

812 3. Second party shall assume all risk of loss by fire or other casualty to the equipment, machines, repairs, etc., sold or to be sold hereunder from and after the following dates:

(a) On equipment, after delivery of bill of sale or after the date of shipment on second party's order if prior thereto.

(b) On machines and repairs on the territory, after December 1, 1918, or after the date of shipment on second party's order if prior thereto.

(c) On machines and repairs at Auburn works after date of shipment or if left on hand at Auburn after settlement therefor, then from the date of settlement.

4. Where any date is provided herein for serving notices of election, making payment or doing of any other act by either party, no rights shall be forfeited (other than the running of interest at five per cent (5%) per annum on overdue payments) by failure to act or perform within the time provided, until the matter has been called to the attention of the party affected by letter, who shall thereupon have five (5) additional days in which to act or perform.

In witness whereof, the parties hereto have set their hands and seals by their respective officers, duly authorized in that behalf, on the day and year first above written.

INTERNATIONAL HARVESTER
COMPANY OF NEW JERSEY,
CYRUS H. MCCORMICK,
President.

By (Sgd.)

Attest:

(Sgd.)

GEORGE A. RANNEY, [SEAL]
Secretary.

EMERSON-BRANTINGHAM COMPANY,
C. S. BRANTINGHAM,

By (Sgd.)

Attest:

(Sgd.)

J. W. McLACHLAN, [SEAL]
Secretary.

President.

813

EXHIBIT "A"

SCHEDULE OF PRICES FOR 1919 SEASON

Description of machines and attachments:	For domestic trade	For foreign trade*
Blender, with carrier, 5-ft.	\$115.00	\$125.00
" " " 6-ft.	118.00	128.00
" " " 7-ft.	117.85	128.00
Blender, with carrier, tongue truck, 5-ft.	134.40	145.00
Transport for grain binder	5.25	5.25
Bundle carrier separate for grain or corn binder	8.25	8.25
Tongue truck	15.75	15.75
" " " 7-ft. grain or corn binder	16.00	16.00
Grain or corn binder without bundle carrier—500.	2.00	2.00
Corn binder with bundle carrier	185.00	195.00
Reverser attachment for corn binder	30.00	30.00
Reaper, 5-ft.	65.00	70.00
" " " 6-ft.	65.00	70.00
Mower, regular 1 horse, 5 1/2-ft.	70.00	75.00
" " " 6-ft.	70.00	75.00
" " " 7-ft.	70.00	75.00
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" " " 188-ft.	70.00	75.00
" " " 189-ft.	70.00	75.00
" " " 190-ft.	70.00	75.00
" " " 191-ft.	70.00	75.00
" " " 192-ft.	70.00	75.00
" " " 193-ft.	70.00	75.00
" " " 194-ft.	70.00	75.00
" " " 195-ft.	70.00	75.00
" " " 196-ft.	70.00	75.00
" " " 197-ft.	70.00	75.00
" " " 198-ft.	70.00	75.00
" " " 199-ft.	70.00	75.00
" " " 200-ft.	70.00	75.00

Foot note: *Above foreign trade prices include foreign packing. C. E. B. G. A. R.

AGREEMENT MADE AND EXECUTED IN DUPLICATE THIS 3RD DAY OF OCTOBER, 1918, BETWEEN INTERNATIONAL HARVESTER COMPANY AND EMERSON BRANTINGHAM COMPANY

Whereas, on September 19th the International Harvester Company of New Jersey and International Harvester Corporation merged and consolidated into a new company, known as International Harvester Company, and said International Harvester Company thereby acquired all rights and assumed all obligations under two contracts, dated July 19th, 1918; the one between Emerson Brantingham Company and International Harvester Company of New Jersey and the other between Emerson Brantingham Company and International Harvester Corporation; and

Whereas, said International Harvester Company has now agreed to sell and Emerson Brantingham Company to buy the Osborne line of hay rakes, including equipment for manufacture, trade name, and good will, upon terms and conditions similar to those provided in said two contracts for the sale of the Osborne line of harvesting machinery, consisting of grain binders, corn binders, mowers, reaping attachments, reapers, and repairs.

Now, therefore, this contract witnesseth the supplemental agreement of the parties hereto in this respect as follows:

The Osborne line of rakes and repairs shall be included in the two contracts above mentioned, together with the Osborne line of harvesting machinery and repairs now covered by said contracts, and all of the terms and provisions of said contracts and each of them shall apply to the Osborne line of rakes in the same manner as to the Osborne line of harvesting machinery, except as to the matters covered by the following special provisions:

1. The maximum price of one hundred and twenty-five thousand dollars (\$125,000) to be paid by Emerson Brantingham Company for certain equipment as provided in Article II of the contract with International Harvester Company of New Jersey shall not include the corresponding equipment for the manufacture of rakes, but said rake equipment shall be appraised separately in the same manner and upon the same basis and shall be sold and paid for at its appraised value, providing the total appraised value is less than ten thousand dollars (\$10,000) and if over that amount the sales price shall be reduced to ten thousand dollars (\$10,000).

2. The appraisal of said rake equipment shall be begun as soon as practicable and completed by November 15th, 1918.

3. Emerson Brantingham Company agrees to pay for the rake equipment purchased hereunder, as follows: One-third ($\frac{1}{3}$) cash at or before December 1st, 1918, and the balance to be covered by its note to the order of International Harvester Company dated December 1st, 1918, drawing interest from date at five (5) per cent per annum and payable November 1st, 1919.

4. As soon as practicable and before November 1st, 1918, International Harvester Company will furnish Emerson Brantingham Company with an estimate of the rakes on hand on the territory October 1st, 1918, and location of the same, and upon receipt of such estimate and on or before December 1st, 1918, Emerson Brantingham Company will place a manufacturing order for its additional requirements for the 1919 season including its foreign trade.

5. All rakes in salable condition at the Auburn works or on the territory October 1st, 1918, or manufactured for the 1919 season, shall be paid for by Emerson Brantingham Company on the same terms as now provided for harvesting machinery, but at the prices named in the schedule attached hereto and marked Exhibit "A."

The prices for subsequent years shall be subject to adjustment in the same manner as provided for harvesting machinery.

6. International Harvester Company agrees to job the Osborne rake line through its foreign selling organization subject to the provisions of the contract of July 19th, 1918, between Emerson Brantingham Company and International Harvester Corporation, and to account to Emerson Brantingham Company for all rakes delivered to it for its 1919 foreign trade at the prices shown in the schedule hereto attached and marked Exhibit "B." The jobbing prices for subsequent seasons shall be subject to readjustment in the same manner as the prices for the harvesting lines.

In witness whereof, the parties hereto have set their hands and seals by their respective officers, duly authorized in that behalf, on the day and year first above written.

By (Sgd.) INTERNATIONAL HARVESTER COMPANY,
J. J. GLESSNER,
Vice President.

Attest:
(Sgd.) W. M. GALE,
Assistant Secretary.

By (Sgd.) EMERSON BRANTINGHAM COMPANY,
C. S. BRANTINGHAM,
President.

Attest:
(Sgd.) J. W. McLACHEN, [SEAL]
Secretary.

Authorized: W. V. C.

Substance approved.

Form prepared—O. K'd: W. S. E.

Form approved: E. A. Bancroft.

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Petitioner's Exhibit (S) 16

DOMESTIC SALES

	1919	1920	1921	1922	1923
Grain binders.....	3,966	3,708	1,063	1,648	1,964
Corn binders.....	1,746	2,297	698	1,150	1,708
Mowers.....	2,868	4,262	1,726	3,658	4,697
Reapers.....	85	77	26	56	54
Reapers.....	280	317	165	179	109
Reaper threshers.....			4	154	125
Rakes.....	1,338	1,588	960	1,553	2,195
Tubblers.....	352	315	156	234	259
File rakes.....	1,597	2,046	1,091	1,271	1,444
Hay loaders.....	1,308	1,828	1,106	1,303	1,545

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Petitioner's Exhibit (S) 17

DOMESTIC BRANCHES—MASSEY-HARRIS HARVESTER CO., INC.

1919

1920

1921

Batavia, N. Y.
Harrisburg, Pa.
Columbus, Ohio.
Lansing, Mich.
Indianapolis, Ind.
St. Louis, Mo.
Kansas City, Mo.
Minneapolis, Minn.

Batavia, N. Y.
Harrisburg, Pa.
Columbus, Ohio.
Lansing, Mich.
Indianapolis, Ind.
St. Louis, Mo.
Kansas City, Mo.
Minneapolis, Minn.

Batavia, N. Y.
Harrisburg, Pa.
Columbus, Ohio.
Lansing, Mich.
Indianapolis, Ind.
St. Louis, Mo.
Kansas City, Mo.
Minneapolis, Minn.

1922

1923

Batavia, N. Y.
Harrisburg, Pa.
Columbus, Ohio.
Lansing, Mich.
Indianapolis, Ind.
St. Louis, Mo.
Kansas City, Mo.
Minneapolis, Minn.

Batavia, N. Y.
Harrisburg, Pa.
Columbus, Ohio.
Lansing, Mich.
Indianapolis, Ind.
St. Louis, Mo.
Kansas City, Mo.
Minneapolis, Minn.

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Petitioner's Exhibit (S) 18

[Letterhead of Massey-Harris Harvester Co.]

[Jas. N. Shenstone, president; George White, vice president and general manager; E. C. Atwater, secretary-treasurer]

MASSEY-HARRIS HARVESTER CO., INC

Manufacturers of High Grade Farm Machinery

Please refer to GW-B

Head Office and Factory,
Batavia, N. Y.

HEAD OFFICE, BATAVIA, N. Y., Feb. 25, 1924.

Mr. A. A. FARRINGTON,

Special Examiner,

402 Arcade Bldg., 616 So. Michigan Ave., Chicago, Ill.

DEAR SIR: We are in receipt of your letter of the 23rd inst. asking us if the memoranda which gives the territory of each of our 8 branches and the number of dealers operating under each branch

means that the total number of dealers shown handle all kinds of agricultural implements or does this list show dealers who have handled harvesting machines. The list given you is taken from our records and only shows the number of dealers in each branch who handle harvesting machinery. Your request did not specifically state what constituted harvesting machinery and so we made up this list counting the dealers who sold any of the following machines:

Grain binders,	Reaper threshers,
Corn binders,	Rakes,
Mowers,	Tedders,
Reapers,	Side rakes,
Headers,	Hay loaders,

Trusting that the above answers your letter fully, we are,
Yours very truly,

MASSEY-HARRIS HARVESTER CO., INC.,
Per GEO. WHITE,
Vice-Pres. & Gen. Mgr.

825 (U. S. A. v. I. H. Co., ET AL. SUPPLEMENTAL PROCEEDINGS,
PETITIONER'S EXHIBIT (S) 18)

(See Stipulation pp. 80, Vol. I)

BATAVIA, N. Y., BRANCH

Territory comprises all of New York State except Long Island and counties of Sullivan, Ulster, Dutchess, Orange, Putnam, Rockland, Westchester, New York, and Richmond; all of Vermont; that part of Massachusetts west of a line due south from the eastern boundary of Vermont; and that part of Pennsylvania comprising the counties of McKean, Elk, Cameron, Potter, Tioga, Bradford, Sullivan, Wyoming, Susquehanna, Lackawanna, and Wayne.

DEALERS

Year	Number	Year	Number
1919.....	224	1922.....	22
1920.....	204	1923.....	20
1921.....	200		

COLUMBUS, OHIO, BRANCH

Territory comprises all of the State of Ohio except the counties of Williams, Defiance, Paulding, Fulton, Henry, Wood, Lucas, Ottawa, Sandusky, and Seneca; that part of Pennsylvania including the counties of Erie, Warren, Forest, Jefferson, Clearfield, Cambria, and Somerset and west thereof; that part of Maryland comprising the county of Garrett and the west half of the county of Allegheny; that part of West Virginia north of the counties of

Tucker, Barbour, Upshur, Webster, Nicholas, Fayette, Raleigh, Wyoming, and McDowell; and that part of Kentucky east of the counties of Carroll, Henry, Shelby, Anderson, Mercer, Boyle, Lincoln, Pulaski, and Wayne.

DEALERS

Year	Number	Year	Number
1919	290	1922	298
1920	247	1923	298
1921	191		

HARRISBURG, PA., BRANCH

Territory comprises all of the States of Pennsylvania, West Virginia, and Maryland not included in the territories of the Batavia, N. Y., and Columbus, Ohio, branches; all of the State of New Jersey south of the counties of Mercer and Monmouth; the entire State of Delaware; and the entire State of Virginia.

DEALERS

Year	Number	Year	Number
1919	304	1922	384
1920	222	1923	384
1921	178		

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LANSING, MICH., BRANCH

Territory comprises the southern peninsula of the State of Michigan; the counties of Williams, Defiance, Paulding, Fulton, Henry, Wood, Lucas, Ottawa, Sandusky, and Seneca in the State of Ohio; and the counties of Steuben, De Kalb, Allen, Whitley, Noble, Lagrange, Elkhart, and St. Joseph in the State of Indiana.

DEALERS

Year	Number	Year	Number
1919	177	1922	166
1920	161	1923	177
1921	146		

INDIANAPOLIS, IND., BRANCH

Territory comprises the entire State of Indiana except the counties of Steuben, De Kalb, Allen, Whitley, Noble, Lagrange, Elkhart, and St. Joseph; the counties of Clark, Coles, Cumberland, Crawford, Jasper, Lawrence, Richland, Wabash, and Edwards, in the State of Illinois; and that part of Kentucky beginning with the counties of Carroll, Henry, Shelby, Anderson, Mercer, Boyle, Lin-

coln, Pulaski, and Wayne on the east and extending to the west as far as the eastern boundaries of the counties of Crittenden, Caldwell, and Trigg.

DEALERS

Year	Number	Year	Number
1919	145	1922	114
1920	141	1923	120
1921	94		

ST. LOUIS, MO., BRANCH

Territory comprises all of the State of Illinois south of a line following the Rock Island Railroad from Chicago to Clinton except the counties of Clark, Coles, Cumberland, Crawford, Jasper, Lawrence, Richland, Wabash and Edwards; that part of Kentucky west of the eastern boundaries of the counties of Crittenden, Caldwell, and Trigg; that part of Tennessee west of the Tennessee River; the northern half of the State of Mississippi; the State of Arkansas; all of the State of Missouri east and south of the counties of Harrison, Daviess, Caldwell, Ray, Lafayette, Johnson, Henry, St. Clair, Cedar, and Vernon; that part of Iowa south and east of the counties of Clayton, Fayette, Bremer, Butler, Franklin, Wright, Webster, Boone, Dallas, Madison, Union, and Ringgold.

DEALERS

Year	Number	Year	Number
1919	219	1922	20
1920	260	1923	24
1921	245		

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KANSAS CITY, MO., BRANCH

Territory comprises that part of Missouri not included in the territory under the St. Louis, Mo., branch; the counties of Fremont, Page, Taylor, Ringgold, Union, Adams, Montgomery, Mills, Ottawattamie, Cass, Adair, Madison, Harrison, Shelby, Audubon, Guthrie, and Dallas in the State of Iowa; the entire State of Nebraska; the entire State of Colorado; the entire State of Kansas; the entire State of Oklahoma; and the panhandle portion of the State of Texas.

NOTE.—The Iowa and Nebraska portions of this territory have been under the supervision of the branch only during 1923.

DEALERS

Year	Number	Year	Number
1919	180	1922	110
1920	171	1923	100
1921	140		

MINNEAPOLIS, MINN., BRANCH

Territory comprises that part of Iowa north of the counties of Harrison, Shelby, Audubon, Guthrie, and Dallas and west of the counties of Winnebago, Hancock, Wright, Hamilton, and Boone; the entire State of South Dakota; the entire State of Montana; the entire State of North Dakota; the entire State of Minnesota; and the counties of Douglas, Burnett, Washburn, Polk, St. Croix, Pierce, and the west corner of the county of Pepin in the State of Wisconsin.

DEALERS

Year	Number	Year	Number
1919	94	1922	184
1920	197	1923	252
1921	128		

SS MASSEY-HARRIS HARVESTER CO., INC., BATAVIA, NEW YORK—DEALERS WHO HAVE HANDLED HARVESTING MACHINES

Branch house	1919	1920	1921	1922	1923
Batavia, N. Y.	324	364	368	318	365
Columbus, O.	230	247	191	238	238
Harrisburg, Pa.	204	222	178	184	184
Lansing, Mich.	177	181	146	166	177
Indianapolis, Ind.	143	141	94	114	129
St. Louis, Mo.	318	368	368	291	294
Kansas City, Mo.	180	192	145	158	186
Minneapolis, Minn.	94	197	128	184	269
Total	1,672	1,877	1,441	1,623	1,807

Compiled from Massey-Harris letter 2/25/24 to A. A. Farrington.

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Petitioner's Exhibit (S) 19

MASSEY-HARRIS HARVESTER COMPANY, INCORPORATED

BATAVIA, NEW YORK—STATEMENT OF ASSETS AND LIABILITIES,
DECEMBER 30, 1922

ASSETS

Capital assets:		
Land and buildings	\$1,422,889.25	
Machinery and equipment	1,230,892.92	
Patents	5,000.00	
		\$2,658,782.17
Investments:		
New York City and Liberty loan bonds	\$16,246.70	
Consolidated Fuel Co. 6% bonds	9,000.00	
Batavia Barracks Corporation stock	1,000.00	
		26,246.70
Deferred charges		139,986.37
Current assets:		
Inventories of raw materials, goods in process, and finished goods	\$3,040,398.15	
Current bills and accts. rec.	1,250,107.97	
Cash on hand at head office and branches	235,418.98	
		4,525,925.10
Total assets		\$7,350,940.34

LIABILITIES

Capital:		
Common stock, issued and paid up.....	\$2,750,000.00	
Debenture notes, 1923-1930*	2,700,000.00	
		\$5,510,000.00
Current liabilities:		
Accounts payable.....	\$220,958.92	
Massey-Harris Co., Ltd., Toronto.....	320,954.53	
		541,913.45
Reserves and surplus:		
For buildings, machinery, and equipment.....	\$422,936.33	
For patents	4,000.00	
For bills and accounts receivable	61,734.15	
For taxes.....	6,000.00	
For foreign exchange.....	269,623.05	
For accrued debenture interest.....	48,706.40	
	\$842,999.93	
Profit and loss account.....	456,026.96	
		1,299,026.89
Total liabilities		\$7,350,940.34

*Contingent liability—Joint debenture note issue with Massey-Harris Co., Ltd., Toronto, Ont. (now reduced to \$3,200,000.00), the direct liability of this company under which is \$2,700,000.00.

MASSEY-HARRIS HARVESTER CO., INC.

Treasurer.

Auditor's certificate: I have examined the books and accounts of the company for the fiscal year ending December 30, 1922, and have obtained all the information and explanations which I required, and I certify that, in my opinion, the balance sheet at December 30, 1922, is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs according to the best of my information and the explanations given me and as shown by the books of the company.

H. L. GILLSON, *Auditor.*

FEBRUARY 9, 1923.

Petitioner's Exhibit (S) 20
PRICE SCHEDULES FROM 1919 TO 1923, INCLUSIVE

	1919 prices		1920 prices		1921 prices		1922 prices		1923 prices	
	Effective 6/1/19	Effective 11/15/19	Effective 2/25/20	Effective 5/10/20	Effective 11/15/20	Effective 12/1/21	Effective 6/1/22	Effective 1/29/22	Effective 11/1/22	Effective 5/15/23
No. 11 mower, 2 1/2' V I	\$61.50	\$58.50	\$67.50	\$64.50	\$70.00	\$54.00	\$54.00	\$57.00	\$54.00	\$62.00
No. 11 " 4' V I	62.50	61.50	64.50	66.00	72.00	55.00	55.00	58.00	55.00	63.00
No. 11 " 4 1/2' V I	64.50	63.50	66.50	68.00	73.00	56.00	56.00	59.00	56.00	64.00
No. 20 " 4 1/2' F I	65.50	64.50	67.50	69.00	74.00	57.00	57.00	60.00	57.00	65.00
No. 20 " 4 1/2' V I	66.50	65.50	68.50	70.00	75.00	58.00	58.00	61.00	58.00	66.00
No. 20 " 4' F I	67.50	66.50	69.50	71.00	76.00	59.00	59.00	62.00	59.00	67.00
No. 21 " 6' F I	70.50	69.50	72.50	74.00	79.00	62.00	62.00	65.00	62.00	70.00
No. 21 " 6' " "	71.50	70.50	73.50	75.00	80.00	63.00	63.00	66.00	63.00	71.00
No. 21 " 7' " "	72.50	71.50	74.50	76.00	81.00	64.00	64.00	67.00	64.00	72.00
Reaper, 5' " "	80.75	87.00	96.75	96.00	106.00	86.00	86.00	91.00	86.00	91.00
" binder, w/ B C & 3 H II	178.00	166.00	179.00	195.00	197.00	146.00	146.00	156.00	146.00	166.00
" " w/ B C & A tractor hitch	153.00	174.50	183.00	200.00	203.00	151.00	151.00	161.00	151.00	171.00
" " w/ B C & A tractor hitch	207.00	197.00	207.00	227.00	228.00	170.00	170.00	180.00	170.00	190.00
Transport truck	8.00	8.00	6.00	9.00	9.00	7.75	7.75	7.75	7.75	8.50
Tong truck instead of 3 H II & yoke	14.00	15.00	16.00	18.00	17.50	14.50	14.50	15.50	14.50	15.50
Binders lost B C, do-hack	3.00	3.00	3.00	3.50	3.00	3.00	3.00	3.00	3.00	3.50
Harvest mowers	5.00	7.50	7.50	9.00	10.00	8.00	8.00	9.00	8.00	9.00
Harvesters, 12 ft	265.00	285.00	295.00	315.00	320.00	260.00	260.00	270.00	260.00	285.00
Harvesters, 14 "	300.00	300.00	300.00	325.00	330.00	270.00	270.00	280.00	270.00	295.00
Reaper threshers	178.00	196.00	176.00	183.00	195.00	146.00	146.00	156.00	146.00	162.50
No. 3 corn binder w/ B C	3.00	3.00	3.00	3.50	3.50	3.00	3.00	3.00	3.00	3.50
Power mowers instead of regular mowers	35.00	33.25	35.00	36.50	37.00	26.00	26.00	27.50	26.00	30.50
Corn hole loss mowers deduct	26.00	34.25	36.00	37.50	38.50	27.00	27.00	28.50	27.00	31.50
Reaper, 5' 24 T 14 I	37.50	35.50	37.50	39.00	40.00	28.00	28.00	29.00	28.00	32.50
" 6' 28 T 14 I	40.00	38.00	40.00	41.50	42.00	30.00	30.00	31.00	30.00	34.00
" 10 1/2' 32 T 14 I	44.50	42.50	44.50	46.00	46.50	34.00	34.00	35.00	34.00	38.00
" 12' 38 T 14 I	45.50	43.50	45.50	47.00	47.50	35.00	35.00	36.00	35.00	39.00
" 12' 38 T 14 I	45.50	43.50	45.50	47.00	47.50	35.00	35.00	36.00	35.00	39.00
2 h. hitch & neck yoke	1.50	1.50	1.50	1.75	1.75	1.50	1.50	1.75	1.50	1.93
Twelve 6' fack	54.00	53.00	54.00	56.00	56.00	45.00	45.00	46.00	45.00	54.00
" 2 h. hitch & neck yoke	60.00	59.00	60.00	62.00	62.00	49.00	49.00	50.00	49.00	58.00
" 2 h. hitch & neck yoke	1.50	1.50	1.50	1.75	1.75	1.50	1.50	1.75	1.50	1.93
Slide rake & loader, 9 1/2'	78.00	77.00	78.00	80.00	80.00	70.00	70.00	71.00	70.00	81.00
" 10 1/2'	80.00	79.00	80.00	82.00	82.00	72.00	72.00	73.00	72.00	83.00
2 h. hitch & neck yoke	1.50	1.50	1.50	1.75	1.75	1.50	1.50	1.75	1.50	1.93
No. 2 rake bar loader 6'	90.00	90.00	90.00	100.00	100.00	77.00	77.00	78.00	77.00	88.00
No. 2 rake bar loader 6'	95.00	95.00	95.00	105.00	105.00	81.00	81.00	82.00	81.00	93.00
No. 2 hay loader	90.00	87.00	90.00	96.00	95.00	73.00	73.00	74.00	73.00	85.00
No. 4 "	90.00	87.00	90.00	96.00	95.00	73.00	73.00	74.00	73.00	85.00
Deck for #4 loader						78.00	78.00	82.00	76.00	87.00
						8.75	8.75	9.75	8.75	9.75

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Petitioner's Exhibit (S) 21

Statement made January 4th, 1924, by H. L. Taylor before District Court of the United States at Chicago, Illinois; Honorable Wilbur F. Booth, judge.

No. 1.—STATEMENT SHOWING DOMESTIC SALES EACH LINE OF HARVESTING MACHINES SOLD BY H. F. AVERY & SONS (INC.) FOR YEAR

Champion	1919	1920	1921	1922	1923
Binders		1,400	1,449	794	40
Push bar		34	216	198	18
Harrows		120	390	340	18
Mowers		4,490	4,261	2,907	3,714
Rakes		2,673	3,149	4,533	2,686
Tedders		44	145	82	7
Roughers		17	33	206	3

Prior to the date we bought the Champion line we were buying from the Thomas Mfg. Company, Springfield, Ohio, mower, rakes, and tedders and we continued the line for several months during the year 1919 in order to clean up our stock, but as the record of sales is not accessible we cannot say the exact number of machines sold, but estimate only three or four hundred sold.

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Petitioner's Exhibit (S) 22

No. 2.—We have branch houses located as follows:

Dallas, Texas.	Little Rock, Ark.	Minneapolis, Minn.
Houston, Texas.	Atlanta, Ga.	Shreveport, La.
Oklahoma City.	Amarillo, Texas.	Memphis, Tenn.
Omaha, Nebr.	San Antonio, Texas.	Montgomery, Ala.
New Orleans, La.	Kansas City, Mo.	Charlotte, N. C.

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Petitioner's Exhibit (S) 23

No. 6.—STATEMENT OF NUMBER OF HARVESTING MACHINES OF THE CHAMPION BRAND MANUFACTURED BY H. F. AVERY & SONS, INC., SINCE TAKING OVER THAT LINE

	1921	1922	1923
Binders	452	144	64
Push harvesters		100	18
Harrows		347	177
Mowers	2,900	2,719	4,075
Rakes	1,604	1,740	2,478

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Petitioner's Exhibit (S) 24

No. 7.—STATEMENT OF THE NUMBER OF MACHINES OF THE CHAMPION LINE MANUFACTURED BY INTERNATIONAL HARVESTER COMPANY FOR H. F. AVERY & SONS, INC.

	Domestic	Foreign
Binders	3,293	751
Roughers	51	406
Harrows	730	7
Push harvesters	344	173
Mowers	8,171	2,653
Rakes	4,036	153
Tedders	291	20
File-delivery rakes	1,002	41

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Petitioner's Exhibit (S) 25

No. 8.—PRICES MADE TO DEALERS ON CHAMPION MACHINES BY B. F. AVERY & SONS

	1919	1920	1921	1922	1923
Binders, 6-ft.....	\$165.00	\$181.50	\$172.00	\$146.00	\$156.00
		191.00	185.00		166.00
			149.00		175.00
Binders, 7-ft.....	170.00	187.00	177.00	151.00	161.00
		197.00	159.25		171.00
			151.00		180.00
Binders, 8-ft.....	192.00	211.25	200.00	170.00	180.00
		222.00	180.00		190.00
			170.00		200.00
Binders, 12-ft.....	275.00	302.50	286.00	257.65	267.65
		317.75	257.60		282.65
			257.25		311.75
Binders, 14-ft.....	285.00	318.50	296.25	267.15	277.15
		326.00	266.75		292.15
			267.15		321.50
Push harvesters.....	255.00	256.50	244.50	208.00	218.00
		\$71.80	220.00		233.00
			208.00		256.25
Mowers, reg. lift, 4-4-cut.....	61.00	67.50	64.75	53.00	56.00
		71.00	55.00		68.00
					66.25
Mowers, reg. lift, 5-4-cut.....	62.00	68.50	65.75	56.00	59.00
		73.00	56.00		67.25
Vertical lift machines, average.....		\$1.00 higher			
Big-bone machines.....		\$3.00 to \$4.00 higher			
Reapers, 5-ft.....	85.00	90.50	94.50	85.00	90.00
		105.00	85.00		104.00
Rakes, 5-ft., 20 teeth.....	32.00	35.25	35.25	25.00	27.50
			31.75		30.50
			28.50		33.50
			28.50		
Rake, 9-ft., 30 teeth.....	34.50	36.00	35.25	28.00	30.00
			31.75		33.00
			28.00		36.25
Side-delivery rake & tedder.....	77.50	81.25	76.75	69.00	76.00
			69.25		81.00
			66.00		69.00
Tedders, 5-hk.....	52.50	57.75	52.00	44.25	48.75
			46.75		53.65
			44.25		50.00

Attached are few copies of printed prices, all I could find.

838

Petitioner's Exhibit (S) 26

B. F. AVERY & SONS, INCORPORATED, LOUISVILLE, KY., AUGUST 31, 1923—CONSOLIDATED BALANCE SHEET

ASSETS

Land, buildings, machinery, tools, equipment, etc.

(at cost):

Land.....	\$151,557.21
Buildings and land improvements.....	1,126,717.92
Machinery, tools, and equipment.....	981,062.38
Patents.....	277,827.36
Office furniture and fixtures.....	136,022.72
Automobiles.....	50,343.14
Patents.....	1.00

Together.....	\$2,725,031.73
Construction work in progress.....	17,839.46

Total properties and plant.....	\$2,742,871.19
Less: Accumulated reserve for depreciation.....	776,123.93

Good will.....\$1,966,747.26

1,111,306.81

Current assets:

Inventories on hand at cost or market whichever was lower—

Raw materials.....	\$1,180,766.64
Finished stock and work in process.....	2,696,113.11
Merchandise—other makes.....	258,465.90

\$4,135,345.74

Accounts and notes receivable—

Notes receivable from customers.....	656,423.77
Customers' accounts.....	1,810,883.98
Working funds, etc., in hands of employees.....	4,839.40

Together.....\$2,472,247.15

Less: Reserve for bad and doubtful accounts and discounts.....

184,130.69

2,288,116.46

Cash in banks and on hand.....

335,490.14

\$5,758,922.34

Deferred charges: Prepaid insurance, taxes, interest, advertising, supplies, etc.....

137,370.76

9,974,407.17

ASSETS

LIABILITIES

Capital stock:

	Authorized	Issued
First preferred 7% cumulative, 24,000 shares of \$100.00 each.....	\$2,400,000.00	\$1,784,000.00
First preferred (Series A-1, 7% cumulative 7,000 shares of \$100.00 each.....	700,000.00	28,100.00
Second preferred 6% cumulative, 6,000 shares of \$100.00 each.....	600,000.00	600,000.00
Common, 30,000 shares of \$100.00 each.....	3,000,000.00	3,000,000.00
	<u>\$6,700,000.00</u>	<u>\$5,404,100.00</u>

Note.—Dividends on second preferred stock subsequent to July 31, 1921, unpaid.

Capital stock of subsidiary company outstanding (directors' qualifying shares held in trust).....

1,500.00

Current liabilities:

Notes payable—

Bank loans.....	\$2,135,000.00
Others.....	165,000.00

\$2,300,000.00

Accounts payable—

Trade accounts.....	\$935,288.43
Accrued general taxes, insurance, wages, etc.....	35,907.64
Due to employees.....	13,753.10
Provision for decline in Argentine exchange.....	55,942.10

1,040,891.27

3,340,891.27

Reserve for contingencies.....

75,000.00

Capital surplus arising from reestablishment of good will valuation at amount originally carried.....

1,111,306.81

Fund for retirement at 7% first preferred stock.....

7,356.79

Surplus:	Authorized	Issued
Balance at August 31, 1922, adjusted.....	\$20,563.48	
Add: Profits for the year ending August 31, 1923.....	147,193.80	
	<hr/> \$167,757.34	
Deduct—		
Dividends on first preferred stocks.....	\$126,208.25	
Appropriation for fund for retirement of 7% first preferred stock.....	7,359.70	
	<hr/> 133,567.95	
		\$34,189.39
Contingent liabilities:		
Merchandise consigned to the company not included in the inventories.....	\$91,227.50	
Under guarantee of notes payable to bankers by trustees for employees capital stock subscriptions.....	58,654.88	
	<hr/> \$149,882.38	\$9,974,407.17

840

Petitioner's Exhibit (S) 27

CONTRACT DATED DECEMBER 27, 1918, BETWEEN INTERNATIONAL HARVESTER COMPANY, FIRST PARTY, AND B. F. AVERY & SONS, SECOND PARTY, RELATING TO THE SALE OF THE CHAMPION LINE OF HARVESTING MACHINERY

841

[Copy]

This agreement, made and executed in duplicate this 27th day of December, 1918, between International Harvester Company, a corporation of the State of New Jersey (hereinafter called "first party"), and B. F. Avery and Sons, a corporation of the State of Kentucky (hereinafter called "second party"),

Witnesseth:

Whereas, first party has for many years manufactured at its plant at Springfield, Ohio, a line of harvesting machinery consisting of grain binders, headers and header binders, reapers, mowers, and reaping attachments, sulky rakes, tedders, and knife grinders, branded and known in the trade as the Champion harvester line; also side-delivery rakes and combined side-delivery rakes and tedders, heretofore branded and known in the trade as the "Osborne" (all of the above-mentioned machines hereinafter referred to as "Champion machines" or "Champion harvesting line"), and has marketed the same in the United States through its subsidiary, the International Harvester Company of America, and in foreign countries through the International Harvester Corporation, and other jobbers;

And whereas, second party desires to acquire the exclusive right to manufacture and sell said Champion line of harvesting machinery and with that end in view to purchase of first party, the trade name and good will attaching thereto, the factory equipment for the

manufacture of said machines and repair parts, and the on-hand stocks of machines and repairs;

And whereas, terms of sale for all the aforesaid property and business have been agreed upon and the parties have also
842 agreed upon arrangements for the convenient and orderly transfer of the same and the continued manufacture by first party of the machines and repairs necessary for second party's trade pending the time when manufacture can be begun by second party;

Now, therefore, the parties hereto have executed this contract to evidence their agreement with respect to the above matters as follows:

I

Sale of trade name, good will, patent shop rights, and development expense

In consideration of one dollar (\$1.00), the receipt whereof is hereby acknowledged, and of the purchase of the equipment, machines, and repairs hereinafter mentioned, and the other covenants of second party herein contained, first party hereby transfers, sells, and assigns to second party, the following:

1. Trade name.—All of its right, title, and interest in the name "Champion," or its equivalent in any foreign language, as a trade-mark, trade name, or brand in connection with grain binders, headers and header binders, reapers, mowers and reaping attachments, sulky rakes, tedders, knife grinders, side-delivery rakes and combined side-delivery rakes and tedders; also the right to use the name "Champion" as a trade-mark, trade name, or brand on any other harvesting machines or agricultural implements now or hereafter manufactured by said second party both in the United States and all foreign countries; first party agrees not to use the name "Champion" hereafter in connection with any such machines or any other machines of any kind or type; second party agrees that it will not use the name "Osborne" in connection with the side-delivery rakes or combined side-delivery rakes and tedders heretofore marketed by said first party under that name.

843 2. Good will.—First party also transfers and sells to second party all good will connected with or incidental to its Champion line of harvesting machinery, including the good will of its subsidiary the International Harvester Company of America, and agrees to furnish second party, promptly after the execution of this contract, with a complete list of the names of all of its retail and jobbing customers in the United States who have handled or sold any of the Champion line of harvesting machinery or repairs during the years 1916, 1917, and 1918, together with the details of the business done with each of said customers.

3. Shop rights on patents.—First party also agrees to grant to the second party the nonexclusive shop right to manufacture, sell,

and use the various improvements now embodied in the Champion line of machines sold hereunder which may be covered by the claims of any and all patents or pending applications for patents owned or controlled by the first party, this license or shop right to be transferable or assignable by second party only in connection with the transfer or assignment of the business to which the improvements relate.

4. Development expense.—First party also agrees to deliver to second party all advertising matter, cuts, electros, plates, catalogs, and direction papers relating to said "Champion" machines and repairs, and all shop drawings, blue prints, and wood patterns relating thereto, all to be held subject to the order of second party after the execution of this contract.

844

II

Sale of equipment

1. Description of equipment sold.—First party agrees to sell and second party agrees to buy the following equipment for the manufacture of the aforesaid line of "Champion" harvesting machinery and repairs, namely: All grey and malleable iron metal patterns for hand and molding machines, flasks, core boxes, plates, and dryers, together with any and all other foundry equipment, including special molding machines, also all jigs, templates, dies, samples, and assembling equipment used by the party of the first part in manufacturing completed "Champion" machines and repairs.

2. Certain specified special machinery.—Second party also agrees to buy certain special machinery used exclusively in the manufacture of "Champion" machines as listed in the attached exhibit marked "Exhibit A," for the prices set opposite each machine.

3. Terms of payment.—Second party agrees to pay for the equipment mentioned in paragraph 1 of section 2 the sum of seventy-five thousand dollars (\$75,000.00). This amount plus the purchase price for all of the equipment purchased as per "Exhibit A" shall be paid for as follows: One-third of the total amount cash on execution of this contract, receipt of which is hereby acknowledged, and the balance to be covered by second party's notes in two equal amounts to the order of first party (bearing even date with this contract), drawing interest after maturity at five per cent (5%) per annum and payable April 1, 1919, and July 1, 1919, respectively. All of said equipment is sold f. o. b. Springfield, Ohio, properly boxed or skidded.

845 4. Option to buy other equipment.—Second party shall have the right and option to buy such other special machines used exclusively in the manufacture of "Champion" machines as it may select prior to July 1st, 1919. All equipment selected under this option shall be sold and paid for on the basis of cost to first party less reasonable depreciation for wear and tear less twenty-five per

cent (25%) f. o. b. cars Springfield, Ohio. If desired, each party shall appoint a representative to appraise such equipment on the above basis and such appraisal shall be final. The appraisal shall be begun as soon as practicable and completed by August 1st, 1919.

5. Terms of payment.—Second party agrees to pay for such equipment as may be selected in accordance with the preceding paragraph, as follows: One-half cash at the completion of the appraisal and the balance to be covered by second party's note to the order of first party, bearing date of August 15th, 1919, drawing interest after maturity at five per cent (5%) per annum, and payable December 10th, 1919.

6. Conveyance and delivery.—As soon as second party shall have settled for the above equipment by payment of cash and the delivery of notes as above provided, first party will give second party a bill of sale covering all of the property so sold and paid for. Actual delivery

is to be deferred until such time as second party shall elect
846 but not beyond thirty (30) days after first party shall have completed all manufacturing required of it as hereinafter provided, and in the meantime first party shall have the right to use said equipment for the manufacture of machines and repairs for second party and agrees to keep the same in good repair, ordinary wear and tear excepted. Delivery of all of said equipment shall be made f. o. b. cars at Springfield, Ohio, properly boxed or skidded.

III

Manufacture and sale of machines, etc.

It is agreed that first party shall on its own account from the present stock of finished machines on hand, fulfill its present contracts for the sale of side-delivery rakes and the combined side-delivery rakes and tedders. Any contracts for the sale of the other Champion machines mentioned in this agreement, which first party has heretofore made or may hereafter make for the 1919 season in the United States shall be for the account of the second party and completed subject to its directions and if completed by first party it is understood that first party shall deduct and retain twenty per cent (20%) of the net proceeds of sales to cover its selling expense, also any freight if such machines are sold at a delivered price. As second party will not be able to remove and install said equipment in its own works in time to manufacture the machines and repairs required for its 1919 season, first party agrees to continue to manufacture Champion machines and repairs and sell the same to second party at the prices and terms hereinafter provided for a time limited as follows:
847 First party's obligation to manufacture hereunder shall continue until it has completed all manufacturing orders placed by second party for its 1919 selling season ending October 1, 1919, and for such longer period as may be later agreed to in writing

between both parties, it being mutually understood, however, that in the event first party should dispose of its manufacturing plant at Springfield, Ohio, that its agreement to manufacture machines and repairs therefor for said second party shall terminate with machines and repairs manufactured for the 1919 selling season.

In case second party desires to have first party manufacture hereunder the whole or any portion of its requirements for any selling season after 1919, it shall notify first party in writing on or before May first of the preceding manufacturing year and thereafter manufacturing orders specifying said requirements in detail shall be placed as provided below:

1. On-hand machines.—Second party agrees to purchase all Champion machines in salable condition on hand at first party's Springfield, Ohio, works or on the territory on January 1st, 1919. An inventory of all machines on hand on that date shall be promptly taken, listing the same according to location and a copy furnished second party. Said machines shall be delivered and paid for as provided below, it being understood that all machines shall be in first-class salable condition and of up-to-date construction and if not in that condition shall be made so before delivery.

848 2. Manufacturing orders.—As soon as practicable and before February 1st, 1919, first party will furnish second party with an estimate of the machines on hand on the territory and location of the same, and, upon receipt of such estimate, second party will promptly place a manufacturing order for the balance of its requirements for the 1919 season, including its foreign requirements. Should second party desire to have machines manufactured for the 1920 trade and should first party be in a position through the ownership of the Springfield, Ohio, works to manufacture such machines, second party will place its manufacturing orders on request in ample time for first party's manufacturing season. First party agrees to give second party advance notice at the earliest possible date of any contemplated sale of its said plant in order that second party may place early orders for its 1920 requirements, and first party will use its best efforts to complete such orders before disposing of its plant.

3. Prices for 1919 and subsequent years.—All machines in salable condition at first party's works or on the territory as aforesaid, and all machines manufactured for second party for its 1919 season, shall be sold and paid for at the prices named in the schedule attached hereto and marked "Exhibit B." The prices for machines, if any, manufactured for 1920 shall correspond to the schedule prices for 1919 with such changes as may be necessary in view of the increased or decreased cost of labor and materials. The prices each season shall be agreed upon and incorporated in a revised schedule not later than the date first party establishes its selling prices for the ensuing season on similar machines.

849 4. Terms.—On machines shipped from Springfield, delivery shall be f. o. b. Springfield or Chicago at second party's option. On machines on hand January 1st, 1919, on the territory, delivery shall be f. o. b. first party's branch house where located, with a freight adjustment to make the delivery equivalent to f. o. b. Chicago or f. o. b. Springfield (whichever is lowest). Second party will use its best endeavors to relieve all of first party's branch houses of their stocks as soon as possible by ordering shipment to its own nearest branch houses, but shall not be required to move the excess stocks in any territory until needed therein, unless first party is willing to make delivery at a more distant point with freight adjusted as above; provided, however, that all machines remaining at first party's warehouses July 1, 1919, shall in any case be removed by August 1, 1919, and if not then needed at second party's nearest warehouse, may be shipped to the more distant points where needed, with the same freight adjustment as above.

Payment for all machines on hand January 1, 1919, and those subsequently manufactured in pursuance of second party's orders for its 1919 trade, shall be due on November 1, 1919, provided that all of such machines then unsold by second party, not exceeding twenty-five per cent (25%) of the quantity of each kind of machine, may be settled for by second party's note, due without interest on November 1, 1920. Machines, if any, manufactured for 1920 season shall be settled for in the same manner and at corresponding dates, provided that if the last order filled is for less than a full season's supply, it shall be paid for in full at the first settlement date without any extension for carry over.

850

IV

Manufacture and sale of repairs

The first party agrees to sell and the second party agrees to buy repair parts for Champion machines subject to the following terms and conditions:

1. On-hand repairs.—First party shall furnish the second party a detailed inventory of all Champion repairs on hand at each of the first party's branch houses and transfer houses, as of January 1st, 1919, together with records of previous shipments of said repairs from first party's works, and second party shall, as soon thereafter as possible, notify first party in writing the total number of each repair part second party desires to purchase and have shipped to its respective branch houses, transfer houses, or works. All such repairs shall be invoiced to second party at thirty per cent (30%) of the last published list prices of first party, f. o. b. second party's branch houses, transfer houses, or works to which shipped, except, however, that all repairs for parts that have not been embodied in said Champion machines manufactured by first party since July 1, 1912, shall be invoiced at fifteen per cent (15%) of said list price.

In payment for such repairs second party shall give its promissory notes to first party in two (2) equal amounts payable, without interest, on the first days of October, 1919 and 1920, respectively, with interest at five per cent (5%) per annum after maturity.

Any portion of the January 1st, 1919, inventory of repairs remaining after selling to second party such portion as it elects to take, as above provided, may be disposed of by first party as it may elect, provided, however, that no such repairs shall be sold by first party to the trade.

851 2. Manufacture of repairs.—During the period that first party agrees herein to manufacture completed machines for second party it further agrees to manufacture repair parts for Champion machines upon receipt of written order or orders from second party. Second party agrees to give said order or orders to first party in ample time to permit it to manufacture in time for seasonable sale. All repairs shall be invoiced by first party at thirty per cent (30%) of the last, that is the present, published list price of first party, provided that if the period of manufacture is extended beyond 1919 and first party shall issue any new list prices on similar repairs for its other lines of harvesting machinery, the prices hereunder shall be thirty per cent (30%) of the present list with corresponding changes.

All repairs shipped in carload lots or in mixed carloads with machines shall be delivered f. o. b. Springfield or Chicago at second party's election (l. c. l. shipments f. o. b. Springfield only). All repairs ordered from the factory for the 1919 season shall be paid for in cash on October 1, 1919, and settlement, if any, for subsequent years shall be on the corresponding date.

3. Repair stock to be carried at Springfield.—During the period that first party is manufacturing Champion machines for second party, said first party agrees to carry at its Springfield, Ohio, works, a stock of repairs similar in quantity to that carried by it at said works prior to the date of this agreement to protect emergency orders received from its branch houses. Second party agrees, however, to use its best judgment in placing manufacturing orders for sufficient number of repairs to protect the trade, it being understood that the carrying of a stock at the works by first party is not to

relieve second party from furnishing manufacturing orders to
852 adequately take care of the seasonable requirements, and that the purpose of this paragraph is simply to insure a prompt and efficient repair service for the users of Champion machines. Second party agrees that the first party shall assume no liability for a shortage of repair parts provided it has used reasonable care in carrying said stock.

When first party ceases to manufacture hereunder and the equipment is transferred to second party's works, second party shall take over and purchase the stock of Champion repairs then on hand at Springfield; provided, that if such stock of repair parts then exceeds

the amount required by second party for twelve (12) months' requirements following the date of transfer, second party may at its option decline to take over the excess of such stock above the twelve months' requirements; all such repairs shall be paid for at the prices above stated within ninety (90) days after shipment, second party agreeing to order shipment promptly. If at the time of transfer of equipment there are any parts for current machines on hand at Springfield known as work in progress, such parts are to be taken over and purchased by second party at first party's manufacturing costs and paid for within thirty (30) days after shipment.

4. Repairs stocks to be carried by second party.—Second party agrees to carry at all times hereafter at its branch houses, transfer houses and works an adequate supply of repair parts for Champion machines to enable the trade to promptly furnish the present users of Champion machines with such repairs as may be reasonably needed to satisfactorily operate said machines. The 853 furnishing of prompt and satisfactory repair service by second party to present users is one of the considerations for first party's agreement to sell the Champion line and for its other covenants herein contained.

V

Manufacture and sale of canvases, sections, guard plates, and binder twine

1. To further assist second party in establishing its trade in the Champion line and as an inducement to the purchase thereof, it is contemplated that after the manufacture of said line has been taken over by second party, first party will manufacture and sell to second party, if it so desires, (a) canvases for such Champion machines and repairs as required under annual contracts provided prices and terms are agreeable to both parties; (b) such rake teeth for Champion sulky rakes and sections and guard plates for Champion machines and repairs as required under annual contracts, providing prices and terms are agreeable to both parties; and (c) a brand of binder twine for sale in connection with its Champion machines trade, to be tagged with the name "Champion," or such other name (different from first party's own brands) as second party may desire, the quality to be equal to that of first party's "McCormick" and "Deering" twine, and quantities, prices, and terms to be agreed upon and embodied in annual contracts.

VI

Assistance in organization

854 First party agrees to use its best endeavors to assist second party in securing foremen and other experienced or technical help needed for its works' organization for the manufacture of the Champion lines, and if second party so desires, to make a special

effort to furnish at second party's expense, one good man for superintendent of its new binder department; also to furnish several good territory experts in such territories as second party may desire, and at second party's expense.

Should second party so elect it may place not to exceed five men from its present force in the various departments at the Springfield works to work on the parts and assembling of Champion machines of the kinds sold hereunder—it being understood that first party will pay these men only such amount as is actually earned on the basis of the amounts paid to other employees in the Springfield works for like work.

VII

Miscellaneous

1. It is understood that all manufacturing orders placed hereunder for machines, repairs, twine, canvases, rake teeth, sections and guard plates, etc., shall not exceed the reasonable requirements of second party for its Champion trade, and that first party is not to be responsible for failure to meet such requirements where prevented by strikes, fires, acts of God, governmental interference, or other causes beyond its reasonable control.

855 2. First party shall carry the risk of loss by fire or other casualty to the equipment, machines, repairs etc., sold or to be sold hereunder until the date of shipment, but second party will reimburse first party for the cost of insurance from and after the following dates if such dates are prior to the dates of shipment:

(a) On equipment: After delivery of bill of sale.

(b) On machines and repairs in first party's branch houses or transfer houses: After August 1st, 1919.

(c) On machines and repairs at Springfield works: After date of settlement therefor.

3. Where any date is provided herein for serving notices of election, making payment, or doing of any other act by either party, no rights shall be forfeited (other than the running of interest at five per cent (5%) per annum on overdue payments) by failure to act or perform within the time provided, until the matter has been called to the attention of the party affected, by letter, who shall thereupon have five (5) additional days in which to act or perform.

4. First party agrees to execute and deliver to second party from time to time hereafter whenever requested, any and all further and special conveyances, bills of sale, assignments or other papers necessary and proper to vest in second party the full beneficial ownership of any property sold hereunder, including particularly such papers as may be necessary to give second party the patent shop rights above referred to, and title to the name "Champion" as a registered trade name in foreign countries.

Special provisions as to foreign business

The foregoing provisions of this contract relating to the sale of machines and repairs on hand January 1st, 1919, are intended to cover only United States stocks. It is a part of this agreement, however, that second party shall also take over and acquire all of first party's foreign trade in the Champion harvesting line, but the dates of transfer will vary in different countries, depending on the end of the selling season and how soon second party can arrange to take over the business and property. With a view of maintaining the Champion line business in each country until second party can take it over, first party agrees to continue such business for its own account as a jobber for at least one full selling season after the date of this contract (unless second party shall elect to take over such business at an earlier date), and if special circumstances should make it impracticable for second party to take over the business in any country at the end of the next selling season, first party will continue to handle such business for a second selling season under the terms of this contract. To carry out this general arrangement, the following special agreements are now made:

1. Additional goods for foreign trade.—Wherever first party shall now or hereafter require additional Champion machines or repairs to be shipped to any foreign country in order to supply the trade therein while it continues to handle the same, second party
857 will furnish such goods to first party either out of the United States stocks on hand January 1st, 1919, and purchased by it hereunder, or out of the additional goods to be manufactured for it as herein provided.

2. Prices.—First party shall pay for all such goods at jobbing prices which shall be the prices specified for goods packed for the foreign trade in Schedule "B" hereto attached, plus ten per cent (10%). In case any of the prices named in Schedule "B" (that is, the prices to be paid by second party for manufacture) are hereafter changed for any subsequent season, the jobbing prices to be paid hereunder shall be the new prices plus ten per cent (10%). Repairs shall be furnished to first party for such foreign trade upon the same basis, that is, at ten per cent (10%) above the price at which manufactured and sold to second party under the preceding provisions of this contract.

3. Terms.—All such machines and repairs are to be delivered to first party properly packed for export shipment f. o. b. cars Springfield, Ohio. The first settlement hereunder shall be as of the date of October 1st, 1919, and shall cover all goods shipped prior to that date, and payment in full in cash shall be made by first party to second party within thirty (30) days thereafter. Annual settlements in the same manner shall be made so long as first party continues to purchase Champion goods of second party for said foreign trade.

858 4. Termination of jobbing arrangement.—Unless otherwise agreed, second party shall not elect hereunder to take over the foreign business in any country except at the end of a selling season and second party shall give first party advance notice as early as possible of its intention to take over the business in any country, in order that first party may make its arrangements accordingly.

5. Pending contracts.—First party shall make no contracts with foreign dealers or jobbers for a longer period than one (1) year, without first securing the approval of second party, and when second party takes over the business it shall take over, assume, and complete all pending contracts with customers.

6. Inventories.—On the termination of the selling arrangement herein provided as to each country, second party agrees to buy and first party to sell all inventories of Champion line machines and repairs at the branch houses of first party in said country (including those of any of first party's subsidiary companies) and also all machines and repairs in transit to said country, provided that this shall only apply to salable machines and repairs in good condition, and that second party shall not be required to take over any larger stock of machines and repairs in any country than it will reasonably require for its trade therein. Copies of inventories at all points shall be promptly furnished second party, who shall thereupon indicate what machines or repairs, if any, it wishes to reject because it considers the stock too large.

839 All such machines and repairs as second party shall take over under this provision shall be repurchased at the same prices at which sold to first party hereunder (any machines or repairs remaining of first party's opening inventory for 1919 being treated for this purpose as if a part of its 1919 purchases) plus an adjustment on all machines and repairs to represent foreign duties, if any, then in force and freight at the then current rates from Springfield, Ohio, to the respective points at which delivered, provided said freight and duties shall be no higher than those actually paid by first party. Deliveries shall be f. o. b. cars at first party's branch houses consigned to second party at such points as it may direct. Second party agrees to give orders for shipment and removal of all machines and repairs repurchased within sixty (60) days after the termination of this contract in respect to the trade in any country and to pay for the same within thirty (30) days thereafter.

First party shall be free to dispose of any machines or repairs left on its hands in any foreign country after transfer of the business to second party, but in such a manner as not to interfere with second party's trade.

7. Foreign trade names, customers' lists, etc.—In ample time and prior to the date when second party shall take over the business in any foreign country, first party will furnish second party with a list of its retail and jobbing customers therein, who have handled any of the Champion harvesting line during the three preceding

860 seasons. The transfer of trade names, trade-marks, and good will in each foreign country shall be effective as of the date of the transfer of the business in said country, and prior to that date first party shall be free to continue its business in said Champion line without any changes in this respect.

IX

It is one of the considerations for the sale of the Champion line of harvesting machinery by first party at the terms and prices provided in this agreement that second party will use its best endeavors to maintain, develop, and extend the business in such lines.

In witness whereof the parties hereto have set their respective hands and seals on the day and date above written by their respective officers duly authorized in that behalf.

INTERNATIONAL HARVESTER COMPANY,
By HAROLD F. McCORMICK, *President*.

Attest:

GEORGE A. RANNEY, *Secretary*.

B. F. AVERY AND SONS,
By C. F. HUMBLEIN, *President*.

Attest:

T. C. HUMPHRIES, *Secretary*.

861 EXHIBIT "A" TO CONTRACT OF DECEMBER 27, 1918, BETWEEN INTERNATIONAL HARVESTER COMPANY AND H. F. AVERY AND SONS

Equipment special for Champion lines:

	Net price to Avery & Sons
Grey-iron mill rolls—	
C-221. Vertical boring machine.....	\$122.00
C-222. " " ".....	122.00
C-223. " " ".....	122.00
C-224. " " ".....	122.00
Forge department—	
C-455. Tapering rolls for drag bars.....	544.00
Bar and knife department—	
C-434. Ten spindle upright drill.....	178.00
C-435. " " ".....	178.00
C-168. Grindstone for knives.....	56.00
C-1159. Knife-back straightening rolls.....	88.00
Machine department—	
C-227. Boring machine.....	159.00
C-238. Binder frame boring machine.....	553.00
C-239. " " ".....	553.00
C-62. Mower " " ".....	975.00
C-68. " " ".....	975.00
C-69. " " ".....	142.00
C-65. Horizontal screw press.....	75.00
C-161. " " ".....	75.00
C-113. Special lathe for pitman bushings.....	120.00
C-192. Turret " " ".....	748.00
Wheel department—	
C-500. Upright drill press.....	36.00
C-512. Long & Allstatter geared punch press.....	199.00
C-451. Automatic tapping machine.....	131.00
C-458. " " ".....	131.00
C-549. " " ".....	131.00
C-493. " " ".....	131.00
C-694. Hub taper.....	75.00
C-697. " " ".....	75.00

Binder and mower department—

C-55. Boring machine.....	800.00
C-130. Vertical pressing machine.....	94.00
C-132. Double emery grinder.....	15.00
C-185. Saw for knottor hook.....	8.00
C-209. Boring machine.....	150.00
C-210. " " " ".....	150.00
C-281. 4-spindle drill press.....	81.00
C-282. 4 " " " ".....	122.00
C-280. Upright drill press.....	71.00
C-287. " " " ".....	71.00
C-290. Press.....	66.00
C-298. Milling machine.....	103.00
C-301. Hand milling machine.....	70.00
C-303. Milling machine.....	116.00
C-306. Polishing lathe.....	10.00
C-407. Lathe.....	113.00
C-444. Cast iron rattler.....	13.00
C-581. Drill press.....	17.00
C-628. Horizontal punch press.....	62.00
C-708. Testing machine.....	8.00
C-709. " " " ".....	8.00
C-779. Milling " ".....	103.00
C-880. Buffing lathe.....	28.00
C-907. Vibrator.....	65.00

Wood department—

C-551. Multiple boring machine (vertical).....	338.00
C-553. " " " ".....	713.00
C-592. Slat sticker.....	122.00
C-590. Roller and counterboring machine.....	24.00
C-857. Strap punch.....	39.00
Slat end rounder (no number).....	56.00
C-603. Roller gudgeon machine.....	493.00
C-605. Gauge lathe.....	103.00

\$10,308.00

EXHIBIT "B" TO CONTRACT OF DECEMBER 27, 1918—SCHEDULE OF PRICES
TO BE PAID TO INTERNATIONAL HARVESTER COMPANY BY H. F. AVERY AND
SONS FOR CHAMPION LINE MACHINES FURNISHED FOR THE 1919 SELLING
SEASON

		For domestic trade	For foreign trade
Binder with bundle carrier, 8 ft.....		\$115.00	\$125.00
" " " " 6 ".....		115.00	125.00
" " " " 7 ".....		117.65	125.00
" " " " and tongue to 8 ".....		133.40	145.00
Transport.....		5.25	5.25
Bundle carrier separate.....		5.25	5.25
Binder without bundle carrier.....		2.00	2.00
Flax attachment.....		3.50	4.00
Binding " ".....		40.00	45.00
Tongue track, separate.....		15.75	15.75
" " w/6 or 7 ft. binder.....		10.50	10.50
Push barrow, w/6-14' elevator, coal type, 12 ft.....		200.00	220.00
" " w/10' " " " " 12 ".....		200.00	220.00
" " w/10' " " " " 14 ".....		210.00	230.00
Elevator for barrow, 8 1/2 ft.....		40.00	44.00
" " " " 10 ".....		40.00	44.00
Brake " ".....		5.00	5.00
Push barrow, coal type, 12 ".....		175.00	190.00
Binding attachment, Elevator " ".....		50.00	55.00
" " " " 10 ".....		40.00	44.00
Bundle carrier, Binder tractor hitch, Hangers, 8 ".....		6.50	7.00
" " 8 1/2 ".....		9.00	10.00
" " 10 ".....		65.00	70.00
" " 12 ".....		65.00	74.00

EXHIBIT "B" TO CONTRACTS OF DECEMBER 27, 1918.—SCHEDULE OF PRICES TO BE PAID TO INTERNATIONAL HARVESTER COMPANY BY B. F. AVERY AND SONS FOR CHAMPION LINK MACHINES FURNISHED FOR THE 1919 SELLING SEASON—Continued

		For domestic trade	For foreign trade
Mowers		\$40.00	\$45.00
Vari. 100, 1 horse.	20 1/2	40.70	45.70
" " 1 "	21 1/2	41.35	46.35
Reg. " 2 "	41 1/2	42.00	47.00
" " 2 "	42 1/2	42.65	47.65
Vari. " 3 "	43 1/2	43.30	48.30
" " 3 "	44 1/2	43.95	48.95
Heavy " 4 "	45 1/2	44.60	49.60
" " 4 "	46 1/2	45.25	50.25
" " 5 "	47 1/2	45.90	50.90
Reaping attachments.	48 1/2	46.55	51.55
" " 4 "	49 1/2	47.20	52.20
Self-dump rakes		20.15	21.65
8 x 20		20.75	22.25
8 x 25		21.30	22.80
8 x 30		21.90	23.40
10 x 20		22.40	23.90
10 x 22		23.75	25.25
12 x 22		27.00	28.50
12 x 40		1.75	1.75
904 Double-drum and back rake, 404		90	90
Double-drum teeth.		1.25	1.25
4" teeth.		50.00	55.00
Side-delivery rake		55.00	60.00
Side-delivery rake and tedder		55.00	60.00
Tedder, 6-hk		38.00	40.00
" 8 "		2.75	3.00
Kills grainers			

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Petitioner's Exhibit (S) 28

NO. 1.—STATEMENT SHOWING DOMESTIC SALES BY LINES FOR SEASONS OF 1919, 1920, 1921, 1922, AND 1923.—WALTER A. WOOD MOWING & REAPING MACHINE CO., HOSICK FALLS, N. Y.

	1919	1920	1921	1922	1923
Mowers	5,104	4,545	1,537	2,001	9
Sully rakes	1,937	2,174	844	4,119	29
Tedders	177	293	131	184	123
Side-delivery rakes	164	252	90	102	81
Hay loaders	215	254	90	100	127
Harvesters and binders	137	230	49	60	47
Rippers	104	107	33	21	44
Disc harrows	782	1,119	350	457	552
Sectional, spring-tooth harrows	1,010	8,905	1,430	1,158	238
Sectional spike-tooth harrows	1,273	2,298	443	933	261
Cultivators	147	910	190	462	238
Mixture spreaders	210	330	60	238	118
Two-row hillers	20	50	75	103	8

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Petitioner's Exhibit (S) 29

NO. 2.—STATEMENT OF THE NUMBER AND LOCATION OF BRANCH HOUSES MAINTAINED BY THE WALTER A. WOOD MOWING & REAPING MACHINE COMPANY FOR THE YEARS 1919, 1920, 1921, & 1922

Boston, Mass.	Richmond, Va.
Utica, N. Y.	Louisville, Ky.
Hamamton, N. Y.	Columbus, Ohio.
Woodlotown, N. J.	
Commission deals with stocks carried at:	
Charlotte, N. C.	San Francisco, Calif.

NOTE.—The Columbus office was closed in August, 1920. All of the above branch offices were closed during January, 1923.

Petitioner's Exhibit (S) 30

NO. 3.—STATEMENT OF THE NUMBER AND LOCATION, BY STATES, OF RETAIL IMPLEMENT DEALERS WITH WHOM THE WALTER A. WOOD M. & R. M. CO. HAD CONTRACTS DURING THE YEARS 1919, 1920, 1921, 1922

	1919	1920	1921	1922
New York.....	271	292	240	257
Tennessee.....	47	52	21	26
North Carolina.....	40	48	11	4
South Carolina.....	12	14		1
New Hampshire.....	80	94	74	80
Rhode Island.....	12	11	7	5
Kentucky.....	152	208	119	143
Ohio.....	49	69	18	5
Virginia.....	71	84	71	43
West Virginia.....	20	30	7	10
Pennsylvania.....	163	221	151	138
Illinois.....	32	30	4	3
California.....	18	37	22	
Florida.....	2			
Arizona.....	8	12	1	
Massachusetts.....	111	123	106	106
Michigan.....	11	39	14	19
Vermont.....	7	36	85	42
Wisconsin.....	2	1	2	1
Georgia.....	12	13		
Kansas.....	1			
Maine.....	115	107	106	99
Texas.....	1	2	2	2
Indiana.....	6	15	5	6
Forward.....	1,815	1,720	1,067	980
Delaware.....	4	3	3	3
Minnesota.....	4	2	3	2
New Jersey.....	20	24	20	21
Connecticut.....	2	1	1	1
Louisiana.....	1	1	1	1
Colorado.....	1			
Maryland.....	19	14	3	5
Missouri.....	7	3	4	2
Iowa.....	1	1	3	1
Oregon.....	1			
Canada.....	2	3	1	1
Arkansas.....		1		
Florida.....			1	
Nevada.....				1
Idaho.....				
Total.....	1,826	1,774	1,107	1,018

Note.—The few contracts written for 1923 season were cancelled late in December when it was decided that the company would have to go out of the harvesting-machine business.

Petitioner's Exhibit (S) 31

WALTER A. WOOD MOWING & REAPING MACHINE COMPANY, HOORICK FALLS, N. Y.—BALANCE SHEET AS AT JULY 31, 1922

ASSETS		
Cash.....		\$87,886.37
Bills receivable.....		112,190.40
Accounts receivable.....	\$257,340.91	
Less reserve for losses, discounts, and allowances.....	69,965.19	
		187,375.72
Sundry personal accounts.....	903.42	
Rents receivable.....	435.90	
Claim receivable—school tax.....	21,130.04	
		22,469.36
Inventories—finished product.....		381,754.24
Complete assemblies, parts in process.....	108,811.61	
Raw materials & supplies.....	214,526.43	
Office supplies, adv., etc.....	25,337.12	
		348,675.16

Investment:			
London branch	.....	\$314,902.00	
Berlin branch	.....	5,441.26	
Miscellaneous	.....	2.00	
			\$320,400.16
Prepaid items	.....		7,185.42
Real estate, machy., equip., etc.:			
Less depreciation reserve	.....	1,491,781.00	
		420,570.00	
			1,071,202.00
Other real estate	.....	675.92	1,071,878.92
			<u>\$2,500,821.42</u>
LIABILITIES			
Bills payable	.....		\$600,706.00
Accounts payable	.....		17,348.94
Accruals	.....		20,400.16
Reserve for contingencies	.....		9,749.45
Bonds outstanding	.....		600,000.00
Capital stock issued		1,500,000.00
Surplus July 31, 1922 (in red figures)		310,471.92
			<u>\$2,500,821.42</u>

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Petitioner's Exhibit (8) 32

WALTER A. WOOD MOWING & REAPING MACHINE COMPANY HOORICK FALLS
N. Y.—BALANCE SHEET AS AT NOVEMBER 14, 1923

ASSETS

Cash	.....		\$21,908.11
Bills receivable	.....	\$20,374.10	
Less discounted	.....	\$57.92	
Less assigned	.....	3,241.23	
			3,299.15
			23,074.95
Accounts receivable	.....	\$129,744.21	
Less assigned	.....	98,922.36	
			30,821.85
Notes & accts. assigned	.....		102,160.50
Sundry personal accounts	.....		541.90
Rents receivable	.....		120.45
Inventory—finished product, process, and raw materials (includes assigned \$479,492.22)	.....		517,558.08
London assets—less liabilities	.....		212,314.11
			<u>\$608,523.94</u>
Prepaid charges	.....		5,674.50
Real estate, plant & equipment	.....	\$1,491,871.20	
Less depreciation reserve	.....	400,100.76	
			1,091,770.44
			<u>\$1,600,478.78</u>

LIABILITIES

Notes payable:

Banks—Unsecured	\$412,300.00	
Banks—Secured	20,269.77	
Individuals	64,030.43	
Misc. creditors	1,166.62	
		\$497,766.42
Accounts payable		1,047.13
Accruals—Interest, taxes, etc		41,104.90
		\$539,918.45
First mortgage bonds		575,000.00
Capital stock		1,500,000.00
Surplus deficit (in red figures)		675,469.67
		\$1,930,478.78

872 *Petitioner's Exhibit (S) 33*

NOTE.—The prices shown on attached sheet for season of 1920 were apparently increased by 10% in spring of 1920. 1920 contract forms were printed without prices, but have located initial price schedule for 1920 and used same in indicating 1920 prices on attached sheet.

NOTE.—The prices for season of 1921 were apparently reduced by 10% in spring of 1921. The prices shown on attached sheet for the season of 1921 are the reduced prices. 1921 contract forms were printed without prices, and cannot locate any price schedule used for that season. Prices for 1921 shown on attached sheet have been taken from ledger, and apparently most of the machines sold in that season were billed at these prices.

873 NOTES

(a) Can't locate price schedule for 1921, and these items do not appear in ledger accounts for this territory for 1921.

(b) Can't locate price schedule for 1921, and this item does not appear in ledger accounts for this territory for 1921.

(c) Can't locate price schedule for 1921, and these items do not appear in ledger accounts for this territory for 1921.

(d) Can't locate 1921 price schedule, and these items do not appear in ledger accounts for this territory for 1921.

(e) Apparently no price schedule made up for South Carolina for 1922, and no sales other than extras made in that State unless billed at North Carolina prices f.o.b. Charlotte.

(f) Can't locate 1921 price schedule, and these items do not appear in ledger accounts for this territory for 1921.

(g) Can't locate 1921 price schedule, and these items do not appear in ledger accounts for this territory for 1921.

(h) Apparently no price schedule made up for Alabama for 1922 and no sales other than extras made in that State unless billed on the Kentucky schedule f.o.b. Louisville.

(i) Can't locate 1921 price schedule, and these items do not appear in ledger accounts for this territory for 1921.

(j) Can't locate 1921 price schedule, and these items do not appear in ledger accounts for this territory for 1921.

(k) Apparently no price schedule made up for Mississippi for 1922, and these items do not appear in ledger accounts for this territory for 1922.

(l) Apparently this schedule was abandoned after 1919 and any sales made were on basis of Louisville delivery.

(m) Practically no business done in this territory after 1920.

(n) Practically no business done in this territory after 1920.

(p) No regular price schedule made for 1923. We simply sold what machines and implements we had at whatever price we could get for them.

874 WALTER A. WOOD MOWING AND REAPING MACHINE COMPANY, HONOLULU FALLS, N. Y.—DEALER'S PRICES

Name of machine	Season	Barston		Horse	Uses	Rings	Wheels	Tires	Charlotte		Leominster schedule					Colum-	De-
		Rego-	Hand-						No car	No car	No. 1	No. 1 1/2	No. 2	No. 3	No. 4		
		bar	bars			handles	bars	bars			hp	Ans	Trans.	Mans	Mans	bus	fruit
8' mower	1919	60.75	71.00	60.75	60.75	60.75	60.75	70.75	72.25	73.25	7.00	70.75	71.50	72.25	73.45	60.75	60.75
	1920	60.00	67.25	60.00	60.00	60.00	60.00	65.25	67.00	68.00	7.50	67.00	68.25	69.00	70.00	60.00	60.00
	1921	59.45	72.25	59.45	59.45	59.45	59.45	70.45	65.45	66.45	60.00	65.45	66.45	67.45	68.45	60.45	60.45
	1922	61.25	68.25	61.25	61.25	61.25	61.25	66.25	68.00	69.00	60.75	66.25	67.25	68.25	69.25	60.75	60.75
	1923	60.00	67.00	60.00	60.00	60.00	60.00	65.00	66.75	67.75	67.00	67.00	68.00	69.00	70.00	60.00	60.00
Reaper	1919	60.00	67.00	60.00	60.00	60.00	60.00	65.00	66.75	67.75	67.00	67.00	68.00	69.00	70.00	60.00	60.00
	1920	60.00	67.00	60.00	60.00	60.00	60.00	65.00	66.75	67.75	67.00	67.00	68.00	69.00	70.00	60.00	60.00
	1921	60.00	67.00	60.00	60.00	60.00	60.00	65.00	66.75	67.75	67.00	67.00	68.00	69.00	70.00	60.00	60.00
	1922	61.00	68.00	61.00	61.00	61.00	61.00	66.00	67.75	68.75	67.00	67.00	68.00	69.00	70.00	60.00	60.00
	1923	61.00	68.00	61.00	61.00	61.00	61.00	66.00	67.75	68.75	67.00	67.00	68.00	69.00	70.00	60.00	60.00
6-disk binder	1919	37.00	37.75	37.00	37.00	37.00	37.00	38.50	39.50	40.50	38.50	38.50	39.50	40.50	41.50	37.00	37.00
	1920	36.00	36.75	36.00	36.00	36.00	36.00	37.50	38.50	39.50	36.50	36.50	37.50	38.50	39.50	36.00	36.00
	1921	36.00	36.75	36.00	36.00	36.00	36.00	37.50	38.50	39.50	36.50	36.50	37.50	38.50	39.50	36.00	36.00
	1922	36.00	36.75	36.00	36.00	36.00	36.00	37.50	38.50	39.50	36.50	36.50	37.50	38.50	39.50	36.00	36.00
	1923	36.00	36.75	36.00	36.00	36.00	36.00	37.50	38.50	39.50	36.50	36.50	37.50	38.50	39.50	36.00	36.00
8' hay mower & binder with B.C. self transport.	1919	131.50	140.00	131.50	131.50	131.50	131.50	140.00	148.50	157.00	131.50	131.50	140.00	148.50	157.00	131.50	131.50
	1920	130.00	138.50	130.00	130.00	130.00	130.00	138.50	147.00	155.50	130.00	130.00	138.50	147.00	155.50	130.00	130.00
	1921	130.00	138.50	130.00	130.00	130.00	130.00	138.50	147.00	155.50	130.00	130.00	138.50	147.00	155.50	130.00	130.00
	1922	130.00	138.50	130.00	130.00	130.00	130.00	138.50	147.00	155.50	130.00	130.00	138.50	147.00	155.50	130.00	130.00
	1923	130.00	138.50	130.00	130.00	130.00	130.00	138.50	147.00	155.50	130.00	130.00	138.50	147.00	155.50	130.00	130.00
8' 21 A. B. U. rake	1919	104.00	108.75	104.00	104.00	104.00	104.00	108.75	113.50	118.25	104.00	104.00	108.75	113.50	118.25	104.00	104.00
	1920	102.00	106.75	102.00	102.00	102.00	102.00	106.75	111.50	116.25	102.00	102.00	106.75	111.50	116.25	102.00	102.00
	1921	102.00	106.75	102.00	102.00	102.00	102.00	106.75	111.50	116.25	102.00	102.00	106.75	111.50	116.25	102.00	102.00
	1922	102.00	106.75	102.00	102.00	102.00	102.00	106.75	111.50	116.25	102.00	102.00	106.75	111.50	116.25	102.00	102.00
	1923	102.00	106.75	102.00	102.00	102.00	102.00	106.75	111.50	116.25	102.00	102.00	106.75	111.50	116.25	102.00	102.00
16-in. disk every rake	1919	80.00	82.50	80.00	80.00	80.00	80.00	82.50	85.00	87.50	80.00	80.00	82.50	85.00	87.50	80.00	80.00
	1920	78.00	80.50	78.00	78.00	78.00	78.00	80.50	83.00	85.50	78.00	78.00	80.50	83.00	85.50	78.00	78.00
	1921	78.00	80.50	78.00	78.00	78.00	78.00	80.50	83.00	85.50	78.00	78.00	80.50	83.00	85.50	78.00	78.00
	1922	78.00	80.50	78.00	78.00	78.00	78.00	80.50	83.00	85.50	78.00	78.00	80.50	83.00	85.50	78.00	78.00
	1923	78.00	80.50	78.00	78.00	78.00	78.00	80.50	83.00	85.50	78.00	78.00	80.50	83.00	85.50	78.00	78.00
8' hay loader	1919	90.00	97.50	90.00	90.00	90.00	90.00	97.50	105.00	112.50	90.00	90.00	97.50	105.00	112.50	90.00	90.00
	1920	88.00	95.50	88.00	88.00	88.00	88.00	95.50	103.00	110.50	88.00	88.00	95.50	103.00	110.50	88.00	88.00
	1921	88.00	95.50	88.00	88.00	88.00	88.00	95.50	103.00	110.50	88.00	88.00	95.50	103.00	110.50	88.00	88.00
	1922	88.00	95.50	88.00	88.00	88.00	88.00	95.50	103.00	110.50	88.00	88.00	95.50	103.00	110.50	88.00	88.00
	1923	88.00	95.50	88.00	88.00	88.00	88.00	95.50	103.00	110.50	88.00	88.00	95.50	103.00	110.50	88.00	88.00
12 x 14 disk harrow with pole & wheels	1919	42.00	42.75	42.00	42.00	42.00	42.00	42.75	43.50	44.25	42.00	42.00	42.75	43.50	44.25	42.00	42.00
	1920	40.00	40.75	40.00	40.00	40.00	40.00	40.75	41.50	42.25	40.00	40.00	40.75	41.50	42.25	40.00	40.00
	1921	40.00	40.75	40.00	40.00	40.00	40.00	40.75	41.50	42.25	40.00	40.00	40.75	41.50	42.25	40.00	40.00
	1922	40.00	40.75	40.00	40.00	40.00	40.00	40.75	41.50	42.25	40.00	40.00	40.75	41.50	42.25	40.00	40.00
	1923	40.00	40.75	40.00	40.00	40.00	40.00	40.75	41.50	42.25	40.00	40.00	40.75	41.50	42.25	40.00	40.00

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Petitioner's Exhibit (S) 34

INDEPENDENT HARVESTER COMPANY, LTD. MILWAUKEE, WISCONSIN.—CONSOLIDATED BALANCE SHEET AS AT JANUARY 31ST, 1920

Assets	As at date	As at Jan. 31, 1920	Increase Decrease
CURRENT AND WORKING ASSETS			
Cash in banks and on hand	\$4,091.25	\$8,200.00	\$4,108.75
Loans advanced to employees	2,884.77	2,884.77	—
Loans receivable	14,290.45	11,590.45	2,700.00
Notes receivable	71,017.43	100,470.00	29,452.57
Accounts receivable	140,130.43	130,653.40	9,477.03
Accrued interest on notes payable	637.027.90	602.567.85	34,460.05
Prepaid interest on loans & notes pay	7,558.00	7,771.80	213.80
Unexpended insurance premiums	8,203.56	7,452.87	750.69
Total current assets	609,400.33	710,118.46	100,718.13
MATERIAL AND OTHER			
Finished stock at branches	143,707.49	146,431.42	2,723.93
Finished stock at factory	256,407.45	290,560.56	34,153.11
Raw material, supplies & work in progress	303,715.11	209,780.91	93,934.20
Unexpended commission requests	3,379.47	3,061.94	317.53
Total working assets	713,809.52	715,834.89	2,025.37
Total current & working assets	1,323,209.85	1,425,953.35	102,743.50
PROPERTY AND PLANT			
Real estate and buildings	232,918.25	231,918.30	1,000.00
Machinery and equipment	180,323.43	180,323.43	—
Personal tools, lugs, patterns, dies & templates	124,201.90	124,201.90	—
Good will	500,513.68	500,713.68	200.00
Good stock subscription notes	1,472.77	1,064.37	408.40
Investments	1,001,000.00	1,001,000.00	—
Patents and patent rights	600,007.65	600,007.65	—
Experimental costs	2,000.72	2,000.72	—
Total property and plant	3,934,407.37	3,934,407.37	—
Total assets	5,257,617.22	5,360,360.72	102,743.50
LIABILITIES			
Notes payable	\$27,000.00	\$27,000.00	—
Accounts payable	83,780.43	83,780.43	—
Notes payable	802,700.42	802,700.42	—
Accounts payable	2,350.24	2,350.24	—
Accumulations (goods not sold)	187,304.82	186,123.07	1,181.75
Total liabilities	1,003,835.89	1,002,954.16	881.73
Notes payable	3,820.16	4,713.03	892.87
Accounts payable	9,126.36	13,250.03	4,123.67
Total current liabilities	12,946.54	18,013.06	5,066.52
Total liabilities & current liabilities	1,016,782.43	1,020,967.22	4,184.79
Reserve for losses on notes & notes rec.	81,641.24	80,774.94	866.30
Reserve for reserves outstanding liabilities	1,260.17	1,133.94	126.23
Reserve for depreciation	1,262.27	1,262.27	—
Total reserves	83,163.68	82,171.15	992.53
Capital stock	2,500,000.00	2,500,000.00	—
Common stock authorized	None	None	—
Common stock unissued	2,500,000.00	2,500,000.00	—
Total capital stock outstanding	2,500,000.00	2,500,000.00	—
Surplus	171,878.45	160,715.87	11,162.58
Total liabilities	3,687,520.92	3,689,140.14	1,619.22

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Petitioner's Exhibit (S) 35

DESCRIPTION OF EXHIBIT PRICES TO DEALERS, 1919, INDEPENDENT HARVESTER CO.

[All goods are quoted f. o. b. Plano, Illinois]

Description	Wt.	Price
INDEPENDENT GRAIN BINDERS		
Shot out with B. C. and 3 H. H.	1,900	\$161.00
Shot out with B. C., T. T. and combination 3 and 4 H. H.	2,080	174.80
Shot out with B. C. and combination 3 and 4 H. H.	1,940	163.75
Shot out with B. C., T. T. and combination 3 and 4 H. H.	2,120	179.40
Shot out with B. C., T. T. and combination 3 and 4 H. H.	2,160	184.00
Attachments when ordered with machines transport trucks	95	7.50
Add for canvas rotary in place of vibrating board butter		2.50
Parts and attachments		
Tongue trucks, complete		\$24.00
Transport trucks, per pair		9.00
Three-horse hitch, complete with tongue		7.50
Knotter head, complete		7.50
Binder attachment, complete		45.00
INDEPENDENT CORN BINDERS		
No. 1 corn binder with B. C.	1,860	\$161.00
No. 1 corn binder with B. C. and T. T.	2,006	174.80
No. 2 short-corn binder with B. C.	1,907	161.00
No. 3 short-corn binder with B. C. and T. T.	2,080	174.80
INDEPENDENT MOWERS		
Six-foot No. 2 mower	736	\$56.70
Six-foot No. 2 vertical-lift mower	765	58.80
Shot No. 2 mower	763	57.40
Shot No. 3 vertical-lift mower	775	59.40
Shot Giant mower	784	61.20
Shot Giant mower	797	63.00
Shot Giant mower	812	65.70
Parts and attachments		
Five-foot cutter bar, complete with knives		\$30.00
Six-foot cutter bar, complete with 2 knives		21.00
Seven-foot cutter bar, complete with 2 knives		22.00
		23.00
INDEPENDENT HAYRAKES, SELF-DUMP		
Shot, 20 1/2-inch teeth with guard teeth	434	\$30.00
Shot, 20 1/2-inch teeth with guard teeth	435	32.40
Shot, 20 1/2-inch teeth with guard teeth	439	33.90
Shot, 20 1/2-inch teeth with guard teeth	439	36.00
Shot, 22 1/2-inch teeth with guard teeth	445	34.20
Shot, 22 1/2-inch teeth with guard teeth	478	36.00
Shot, 20 1/2-inch teeth with guard teeth*	496	35.75
Shot, 20 1/2-inch teeth with guard teeth*	501	36.25
Shot, 22 1/2-inch teeth with guard teeth	487	37.25
Shot, 22 1/2-inch teeth with guard teeth	488	37.80
Shot, 40 1/2-inch teeth with guard teeth	526	39.00
Shot, 40 1/2-inch teeth with guard teeth	516	39.00
INDEPENDENT SWEEP RAKES		
Trim frame, two-wheel sweep rake	430	\$25.20
Four-wheel power-lift sweep rake	707	40.00

*Orders accepted subject to prior sale.

DESCRIPTION OF EXHIBIT PRICES TO DEALERS, 1920.—INDEPENDENT HARVESTER CO.

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[All goods are quoted f. o. b. Plano, Illinois]

Description	Wt.	Price	Effective Nov. 21, 1919 (page 2)
INDEPENDENT GRAIN BINDERS			
6-foot cut with B. C. and 1 H. H.	1,900	\$161.00	\$156.75
6-foot cut with B. C., T. and combination 3 and 4 H. H.	2,090	174.80	172.75
7-foot cut with B. C. and combination 3 and 4 H. H.	1,940	163.75	161.00
7-foot cut with B. C., T. and combination 3 and 4 H. H.	2,120	176.40	177.00
8-foot cut with B. C., T. and combination 3 and 4 H. H.	2,100	184.00	182.45
Attachments when ordered with machines:			
Transport trucks	90	\$7.50	\$7.00
Add for canvas rotary in place of vibrating board battie		2.50	2.50
Parts and attachments:			
Tongue trucks, complete		\$24.00	\$25.00
Transport trucks, per pair		9.00	7.50
Three-horse hitch, complete with tongue		7.50	7.50
Knitter band, complete		7.50	7.50
Blade attachment, complete		45.00	45.00
Flax attachment		8.45	8.45
INDEPENDENT CORN BINDERS			
No. 1 corn binder with B. C.	1,903	\$161.00	\$161.00
No. 1 corn binder with B. C. and T. T.	2,008	174.80	174.80
No. 2 short corn binder with B. C.	1,927	163.00	163.00
No. 2 short corn binder with B. C. and T. T.	2,080	174.80	174.80
INDEPENDENT MOWERS			
4-foot No. 2 mower	750	\$56.70	\$57.00
4-foot No. 2 vertical-cut mower	765	58.50	58.50
5-foot No. 2 mower	765	57.60	58.00
5-foot No. 2 vertical-cut mower	775	58.40	58.50
6-foot Giant mower	784	61.20	61.75
6-foot Giant mower	797	62.00	62.50
7-foot Giant mower	812	63.70	62.50
Parts and attachments:			
Four and one-half foot cutter bar, complete with 3 knives		\$20.00	\$20.00
Fixed-end cutter bar, complete with 3 knives		21.00	21.00
Slotted cutter bar, complete with 3 knives		22.00	22.00
Seven-foot cutter bar, complete with 3 knives		22.00	22.00
INDEPENDENT HAY RAKES, SELF-POWER			
8-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	424	\$30.00	\$31.35
9-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	425	32.40	33.75
10-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	426	33.80	34.75
10-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	429	36.00	35.40
10-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	445	34.20	35.00
10-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	479	36.00	37.14
11-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	488	35.75	35.75
11-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	501	38.25	38.25
11-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	497	37.25	37.25
12-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	496	37.40	38.41
12-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	528	39.00	40.00
12-foot, 21 $\frac{1}{2}$ -inch teeth with guard teeth	535	39.00	41.75
INDEPENDENT SWEET RAKES			
Tram frame, two-wheel swing rake	430	\$25.20	\$27.35
Four-wheel power lift swing rake	797	45.50	45.50

* Orders accepted subject to prior sale.

BOARD OF DIRECTORS OF MOLINE PLOW COMPANY, INC., MOLINE, ILLINOIS

P. O. Wetmore	First National Bank, Chicago, Ill.
Geo. N. Peck	Moline Plow Co., Moline, Ill.
H. B. Johnson	Moline Plow Co., Moline, Ill.
John E. Blunt, Jr.	Illinois Merchants Trust Co., Chicago.
Norris E. Crull	% Illinois Steel Co., Chicago.

Herman Waldeck.....	Continental & Commercial National Bank, Chicago, Ill.
R. A. Mitchell.....	Mercantile Trust Company, St. Louis, Mo.
C. T. Jaffray.....	First National Bank, Minneapolis, Minn.
Rumsey W. Scott.....	Chemical National Bank, New York City.
J. Herndon Smith.....	500 Olive St., St. Louis, Mo.
F. F. Winans.....	National City Company, Chicago.
Henry R. Johnston.....	Chatham & Phenix National Bank, New York.
R. I. Barr.....	Chase National Bank, New York City.
Horace Fortescue.....	Philadelphia National Bank, Phila., Pa.
H. H. Cleaveland.....	Rock Island, Ill.
H. B. Dinneen.....	Moline Plow Company, Inc., Moline, Ill.
A. J. Brosseau.....	Mack Trucks, Inc., 25 Broadway, New York.

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Petitioner's Exhibit (S) 38

EXHIBIT NO. I.—DOMESTIC SALES, SHIPMENTS FROM FACTORY TO WAREHOUSES AND DIRECT TO DEALERS

	1919	1920	1921	1922	1923
Grain binders.....	5,366	4,894	1,070	663	1,306
Corn binders.....	745	662	270	220	373
Mowers.....	5,521	7,969	3,404	2,760	4,068
Bulky sales.....	3,460	3,970	1,882	1,781	2,660

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*Petitioner's Exhibit (S) 39*EXHIBIT NO. II.—BRANCH HOUSES—MOLINE PLOW COMPANY MAINTAINED
BRANCH HOUSES AT THE FOLLOWING LOCATIONS DURING 1919, 1920, 1921, 1922, AND 1923

Atlanta, Georgia.	Minot, North Dakota (1919 only).
Baltimore, Maryland.	Moline, Illinois.
Bloomington, Illinois.	New Orleans, Louisiana.
Columbus, Ohio.	Oklahoma City, Oklahoma.
Dallas, Texas.	Omaha, Nebraska.
Denver, Colorado.	Portland, Oregon.
Des Moines, Iowa.	Poughkeepsie, New York.
Indianapolis, Indiana.	Salt Lake City, Utah.
Jackson, Michigan.	Sioux Falls, South Dakota.
Kansas City, Missouri.	Spokane, Washington.
Los Angeles, California.	Stockton, California.
Minneapolis, Minnesota.	St. Louis, Missouri.

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Petitioner's Exhibit (S) 40

MOLINE PLOW COMPANY, INC., AND ITS SUBSIDIARIES—BALANCE SHEET, OCTOBER 31, 1922

ASSETS

Current assets:

Cash in banks and on hand.....	\$1,527,561.90
Notes and accounts receivable—	
Customers' notes, receivable.....	\$1,918,459.26
Customers' accounts receivable.....	804,594.62
Miscellaneous accounts receivable.....	61,550.61
	\$2,784,604.49

Current assets—Continued.

Less: Reserves for discounts, bad debts, etc.....	\$727,530.81	
		\$2,037,073.68
Inventories at cost or market whichever is lower:		
At factories.....	\$10,355,329.87	
At selling warehouses.....	4,001,710.64	
Supplies.....	315,789.91	
	\$14,672,830.42	
Less: Reserves for liquidation losses, obsolescence, etc.....	2,810,002.41	
		11,862,228.01
Investment in European distributing company represented by current assets at current rate of exchange.....		906,847.84
		\$16,353,711.43
Properties:		
Land, buildings, plants, equipment, etc.....	\$11,751,809.04	
Less: Reserve for depreciation.....	3,920,582.75	
		7,831,286.29
Investments and miscellaneous properties:		
Real estate and machinery at estimated realizable value held for sale.....	\$353,144.03	
Capital stock of allied companies.....	132,700.00	
Miscellaneous.....	3,724.29	
		489,568.32
Deferred charges:		
Stationery and supplies.....	\$59,806.90	
Prepaid insurance, taxes, etc.....	106,034.25	
		165,841.15
Trade-marks, trade names, patents, and good will.....		12,391,213.43
Total assets.....		\$37,231,020.64
Deficit as per statement of results of operations for the period.....		635,482.96
		<u>\$37,867,103.62</u>

LIABILITIES

Current liabilities:		
Notes payable to bankers.....	\$540,000.00	
Accounts payable.....	199,545.75	
Customers' deposits.....	46,617.22	
Pay rolls accrued.....	62,041.19	
Accrued interest, taxes, etc.....	338,103.46	
		\$1,186,307.62
General reserve for contingencies.....		3,330,000.00
7% debenture bonds—issued and outstanding.....		12,425,296.00
Capital stock:		
Authorized—		
First preferred 7% cumulative stock—		
125,000 shares of \$100.00 each.....	\$12,500,000.00	
Second preferred 7% cumulative stock—		
75,000 shares of \$100.00 each.....	7,500,000.00	
Common stock—200,000 shares of no par value.....	1,000,000.00	
		<u>\$21,000,000.00</u>

Capital stock—Continued.

Issued and outstanding:

First preferred 7% stock—cumulative after Sept. 1, 1923	\$12,425,398.00
Second preferred 7% stock—cumulative after retirement of debentures and first preferred stock	7,500,000.00
Common stock (including 116,396 70/100 shares held in trust for corporate purposes)	1,000,000.00
	<u>\$20,925,398.00</u>
	\$37,867,103.62

845 MOLINE PLOW COMPANY, INC., AND ITS SUBSIDIARIES—STATEMENT OF RESULTS OF OPERATIONS FOR THE PERIOD FROM MAY 5, 1922, TO OCTOBER 31, 1922

Gross profit from operations (before providing for depreciation)	\$1,041,069.52
Add: Miscellaneous income	121,759.54
Total gross profits and income	<u>\$1,163,459.06</u>
Deduct:	
Selling, general and administrative exp's	\$1,114,265.44
Interest accrued on debentures, etc. (for two months, September and October)	151,944.14
	<u>1,266,209.58</u>
Balance, loss for period before providing for depreciation	\$102,750.52
Add:	
Depreciation of buildings, machinery, equipment, etc.	\$328,236.06
Idle plant expense	204,495.80
	<u>532,732.46</u>
Deficit for the period, carried to balance sheet	<u>635,482.98</u>

In the above statement the inventories of finished product at selling warehouses at May 5, 1922, are included at the values at which taken over from the predecessor company, and the results for the six months indicated are subject to the correctness of such values.

REPORT OF THE PRESIDENT OF THE MOLINE PLOW COMPANY, INC., TO STOCKHOLDERS

You are familiar with the causes leading up to the reorganization of the Moline Plow Company. That reorganization was based on a definite plan of operations which is believed to be practicable in the event of a return of at least pre-war business conditions in the implement field.

The plan of operations has been approved by the board of directors and the necessary steps for instituting it have been undertaken and completed as far as possible under existing conditions.

The 22 selling corporations hitherto used in the company have been replaced by one and the distribution organization much simplified and consolidated. The marketing of implements has been placed on a cash basis, and the redesign of the Moline line for greater simplicity, utility, and salability has progressed steadily.

The necessary general condition to the success of the new company—a return of conditions approaching normal in the implement market—has not yet occurred. The volume for the first six months has not achieved the rate necessary for success. The farmers' buying power has approximated during the past two years between 50% and 60% of pre-war normal. There are some indications of improvement in the spring months of 1923, but the basic condition of agriculture is not yet such as warrants optimism for the full year of 1923.

The losses from operations before providing for depreciation were restricted to \$102,750.32, which is believed to be relatively moderate.

Certificate of Price, Waterhouse & Co., balance sheet, and statement of results of operations for the period from May 5, 1922, to October 31, 1922, are appended.

GEORGE N. PEEK, *President*

FEBRUARY 10th, 1923.

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Petitioner's Exhibit (S) 41

MOLINE PLOW COMPANY, INC.—HARVESTING MACHINERY PRICES

	Grain Binder #7, 7-foot	Corn Binder #90	Mower #8, 5-foot	Rake, 10-ft., 12-foot
January 1, 1919	\$181.50	\$177.50	66.00	400
December 8, 1919	172.00	167.50	62.00	360
April 26, 1920	180.20	184.25	66.75	470
August 1, 1920	186.20	184.00	66.00	420
December 16, 1920	190.50	193.50	73.50	420
April 15, 1921	179.55	174.15	66.11	370
October 17, 1921	155.50	148.50	56.50	302
March 18, 1922	141.85	141.15	53.75	28.75
November 30, 1922	150.00	149.00	56.00	30.25
March 26, 1923	163.00	158.00	59.50	32.25
June 1, 1923	165.00	158.00	60.50	34.25

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Statement re petitioner's Exhibit (S) 42

Ex. 42.—Proposed contract between International Harvester Co. and Moline Plow Co. relating to sale of Milwaukee line superseded by defendants' Exhibit (S) 31, the actual contract.

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Petitioner's Exhibit (S) 43

Over the last ten to fifteen years the manufacture of harvesting machinery has never amounted to more than 15 to 20% of our total volume of business, our business being mainly the manufacture of tillage and planting machinery.

1. The following is a statement showing the domestic sales of our company for each line of harvesting machinery sold over the years requested:

	1919	1920	1921	1922	1923
Hay rakes.....	35,039.04	52,037.26	31,662.70	23,374.30	29,905.66
Hay tedders.....	11,198.00	5,274.25	4,765.40	2,062.95	1,947.48
Hay loaders.....	20,280.96	48,994.95	38,630.34	17,961.86	37,859.95
Potato harvesters.....	57,595.52	41,047.89	41,333.92	29,742.25	18,718.64
"Wind" corn harvesters.....	3,063.80	3,979.35	55.29	57.00	26.18
	136,127.32	151,333.29	113,647.65	73,188.38	78,458.10

2. The Ohio Rake Company have no branch houses, all business being carried on from our home office, Dayton, Ohio.

3. Our retail implement dealers or agencies handling our harvesting implements over the years stated were as follows:

	1919	1920	1921	1922	1923
Ohio.....	119	119	83	86	94
Indiana.....	65	73	46	45	33
Michigan.....	76	97	98	64	60
Connecticut.....	0	0	3	10	3
New York.....	0	0	1	3	0
Massachusetts.....	0	1	2	3	1
New Hampshire.....	0	0	1	4	0
Rhode Island.....	0	0	3	0	1
New Jersey.....	2	1	6	3	4
Vermont.....	0	0	0	1	0
Maine.....	0	0	0	1	0
Pennsylvania.....	36	13	9	12	7
Wisconsin.....	14	16	0	0	0
	312	320	252	233	212

Petitioner's Exhibit (S) 44

The following is a list of the Ohio Rake Company's active jobbing connections on harvesting machinery at the present time.

R. Hayman Co., Inc.....	Los Angeles, Calif.
Lindsay Bros.....	Minneapolis, Minn.
Lindsay Bros.....	Milwaukee, Wis.
Longier & Ladd.....	Buffalo, N. Y.
Northern Rock Island Plow Co.....	Minneapolis, Minn.
T. C. Northwall.....	Omaha, Nebr.
H. C. Shaw.....	Stockton, Calif.
R. M. Wade.....	Portland, Oreg.
Benn & Kerrigan.....	Woodstock, N. B., Canada.
C. W. Keith.....	Denver, Colo.
Rock Island Plow Co.....	Sioux Falls, S. D.
Sargent, Osgood & Roundy Co.....	Randolph, Vt.

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*Petitioner's Exhibit (S) 45*THE OHIO RAKE COMPANY, DAYTON, OHIO.—SUMMARY STATEMENT, PERIOD
SEPT. 1, 1922, TO AUG. 31, 1923

ASSETS

Cash on hand.....	\$9,009.09	
Notes receivable.....	27,600.12	
Accounts receivable.....	144,126.15	
Mdse. inventory.....	224,003.84	
Lumber inventory.....	8,102.61	
Stocks, other corporations.....	2,500.00	
Real estate.....	96,627.64	
Machinery.....	27,411.78	
Tools.....	713.83	
Patterns.....	14,058.00	
Shop fixtures.....	4,772.28	
Office fixtures.....	1,240.98	
Foundry fixtures.....	1,095.87	
Stable & automotive equipment.....	4,328.28	
		\$565,590.47

LIABILITIES

Notes payable.....	240,350.00	
Accounts payable:		
Mdse.....	\$19,970.67	
Officers.....	1,937.43	
	21,908.10	
Capital stock.....	246,300.00	
Surplus:		
Balance.....	108,953.99	
Net loss.....	51,921.62	
	57,032.37	
		565,590.47

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Petitioner's Exhibit (S) 46

5. Our prices to retail dealers of the several kinds of harvesting machines manufactured by the Ohio Rake Company over the years stated are as follows:

	1919	1920	1921	1922	(To petitor) Feb'y 1923	1923
Hay loaders						
Ohio 4 crank steel wheel (raker-bar type).....	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00
Harve-Dayton loader with truck (single-cylinder type).....	90.00	90.00	91.00	74.00	74.00	81.00
Hay rakes						
Harve-Dayton side-delivery rake, 2 counter wheels	78.00	80.00	82.00	72.00	72.00	78.00
Giant combined side-delivery rake & tedder, 2 counter wheels.....	81.00	85.00	87.00	75.00	75.00	82.00
Champion walk rakes—						
4 ft., 20 T.....				25.00	25.00	25.00
5 " 24 ".....		35.00	38.00	28.00	28.00	32.00
5 " 30 ".....				29.00	29.00	31.00
10 " 30 ".....						
10 " 32 ".....						
Revolving wood rakes—						
4 ft., 16 T.....	8.00	8.50	9.00	9.00	9.00	9.00
5 " 14 ".....	9.25	9.25	9.50	7.50	7.50	8.50
10 " 14 ".....	8.75	8.75	9.00	9.00	9.00	9.00
Hay tedders						
#1 Quail, 4 bar, gear drive.....	55.00	55.00	55.00	42.50	42.50	45.75
#2 Quail, 4 bar, gear drive.....	57.00	55.00	55.00	46.75	46.75	51.00
#3 Monarch, 4 bar, chain drive.....	55.00	55.00	55.00	45.00	45.00	49.00
#4 " " ".....	60.00	58.00	58.00	50.00	50.00	55.00
Patent harvesters						
Standard, 7 ft., with truck & 4 ft. H. & extension elevator.....	125.00	122.50	120.00	120.00	105.00	115.00
Standard Jr., 6 ft., with vine turner & kicker, truck, & 4 ft. H.....	108.00	106.00	105.00	92.50	95.00	104.00
Big Giant, 7 ft., vine turner and kicker, truck, & 4 ft. H.....	117.00	117.00	120.00	108.00	102.00	113.00
Little Giant, 6 ft., vine turner and kicker, truck, & 4 ft. H.....	120.00	120.00	121.00	95.00	95.00	104.00

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Petitioner's Exhibit (S) 47

DOMESTIC SALES OF HARVESTING MACHINES

Year	Mowers (horse)	Sulky rakes	Tedders
1919.....	2,437	1,583	128
1920.....	4,245	2,539	122
1921.....	1,524	1,007	81
1922.....	1,181	607	73
1923.....	1,444	882	36

2. Our company has maintained a branch house only at Baltimore, Md., during the years 1919 to 1923, inclusive.

3. The following is the location of retail implement dealers handling our implements:

Year	Ohio	Penna., Va., & W. Va.	Balance of country
1919.....	210	129	88
1920.....	251	164	95
1921.....	178	102	97
1922.....	130	127	93
1923.....	187	73	61

THE THOMAS MFG. CO.,
By WALLACE S. THOMAS,
Treasurer.

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Petitioner's Exhibit (S) 48

THE THOMAS MFG. COMPANY BALANCE SHEET, OCTOBER 1, 1923

Current assets:

Cash.....	\$253. 11
Bills receivable.....	13,202. 07
Accounts receivable.....	186,157. 15
Inventory—	
Raw material.....	\$71,209. 56
Goods in process.....	85,406. 42
Finished goods.....	101,317. 88
	<u>258,023. 86</u>
	\$457,636. 19

Capital assets:

Real estate.....	\$181,872. 49
Machinery and equipment.....	35,400. 97
Furniture and fixtures.....	1,306. 43
	<u>\$218,762. 89</u>

Contingent assets: Drawings, cuts, patterns, and

patents.....	45,137. 37
	<u>263,900. 26</u>

Deferred assets:

Prepaid expenses.....	17,765. 67
Operative deficit.....	79,247. 00

Total assets..... \$818,549. 12

Current liabilities:

Accounts payable.....	\$16,854. 73
Bills payable—banks.....	135,000. 00
" —merchandise.....	41,987. 63
	<u>\$193,842. 36</u>

Deferred liabilities, owed to stockholders..... 95,856. 76

Capital stock:

Common	\$300,000.00
Preferred	228,850.00
	\$528,850.00

Total liabilities..... \$818,549.11

THE THOMAS MFG. CO.,
By WALLACE S. THOMAS,
Treasurer.

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Petitioner's Exhibit (S) 49

DESCRIPTION OF EXHIBIT—PRICES TO DEALERS, 1919 TO 1923, INCLUSIVE

	Each	Est. wt.
1919		
(On pg. 2)		
Single-speed mowers:		
Mowers, 4 1/2 ft., regular truck	\$64.00	75
Mowers, 5 ft., regular truck	55.00	75
Mowers, 6 ft., wide truck	70.00	76
Double-speed mowers:		
Mowers, 4 1/2 ft., regular truck	67.00	76
Mowers, 4 1/2 ft., wide truck	70.00	77
Mowers, 5 ft., regular truck	66.00	76
Mowers, 5 ft., wide truck	71.00	76
Mowers, 6 ft., wide truck	75.00	76
(On pg. 4)		
Thomas hand dump rakes:		
8 ft., 20 teeth	\$32.00	36
10 " 20 "	30.00	39
Wood reliable self-dump rakes:		
8 ft., 20 teeth	31.00	33
10 " 20 "	35.00	36
Steel reliable self-dump rakes:		
8 ft., 20 teeth	34.00	36
9 " 20 "	35.00	36
9 " 25 "	36.00	36
9 " 30 "	37.00	36
10 " 20 "	38.00	36
10 " 25 "	39.00	36
10 " 30 "	40.00	36
12 " 30 "	43.00	40
12 " 37 "	45.00	40
Steel reliable rakes (self-dump):		
8 ft., 20 teeth	36.50	37
9 " 20 "	40.00	40
9 " 25 "	42.00	39
10 " 20 "	44.00	39
10 " 25 "	45.50	39
12 " 30 "	48.00	39
12 " 37 "	50.00	40
Steel western hand-dump rakes:		
8 ft., 20 teeth	31.50	36
9 " 20 "	31.50	36
9 " 25 "	33.50	36
9 " 30 "	35.50	36
10 " 20 "	37.00	36
10 " 25 "	38.50	36
12 " 30 "	47.00	39
12 " 37 "	50.00	39
Crescent rakes, hand-dump, 8 ft., 20 teeth	31.00	36
Steel Royal 6-fork tedder	11.00	40
Steel Royal 6-fork tedder	17.00	40
Steel Triumph 6-fork tedder	14.00	40
Steel Triumph 6-fork tedder	19.00	40
Thomas cylinder side-U rake	32.00	40
1920		
(On pg. 2)		
Single-speed mowers:		
Mowers, 4 1/2 ft., regular truck	\$64.00	75
Mowers, 5 ft., regular truck	65.00	75
Mowers, 6 ft., wide truck	70.00	76
Double-speed mowers:		
Mowers, 4 1/2 ft., regular truck	67.00	76
Mowers, 4 1/2 ft., wide truck	70.00	77
Mowers, 5 ft., regular truck	66.00	76
Mowers, 5 ft., wide truck	71.00	76
Mower, tractor hitch, in place of horse hitch	75.00	76
Mower, tractor hitch, in addition to horse hitch, or where shipped as an extra	5.00	
	18.00	

DESCRIPTION OF EXHIBIT—PRICES TO DEALERS, 1910 TO 1923, INCLUSIVE—CON.

	Each	Est. wt.
(On pg. 4)		
Steel Reliable self-dump rakes		
8 ft., 20 teeth	60	\$84.00 343
8 " 20 "	60	85.00 340
8 " 24 "	60	86.00 385
10 " 24 "	60	87.00 395
10 " 32 "	60	88.00 425
12 " 32 "	60	89.00 430
12 " 37 "	60	90.00 455
Steel reliable rakes (self-dump)	60	45.00 400
8 ft., 24 teeth		
8 " 20 "	60	84.00 472
8 " 24 "	60	85.00 490
10 " 24 "	60	86.00 518
10 " 32 "	60	87.00 530
12 " 32 "	60	88.00 545
12 " 37 "	60	89.00 580
Steel Western hand-dump rakes: 6 ft., 21 teeth	60	50.00 610
Orchard rake, hand-dump: 9 ft., 24 teeth	60	15.00 303
Steel Royal 6-fork tedder	60	30.00 338
Steel Royal 8-fork tedder	60	51.00 455
Steel Triumph 6-fork tedder	60	57.00 525
Steel Triumph 8-fork tedder	60	58.00 560
Thomas cylinder side-D rake, L. H.	60	63.00 650
Thomas cylinder side-D rake, R. H.	60	82.00 900
	60	83.00 930
1921		
(On pg. 3)		
Ohio		
Double-speed mowers—		
Mowers, 4 1/2 ft., regular truck	60	\$78.00 760
Mowers, 4 1/2 ft., wide truck	60	80.25 775
Mowers, 5 ft., regular truck	60	79.00 765
Mowers, 5 ft., wide truck	60	80.25 780
Mower tractor hitch, in place of horse hitch	60	85.25 800
Mower tractor hitch, in addition to horse hitch, or where shipped as an extra	60	6.00
Tractor mower, 6 ft.	60	120.00
Tractor mower, 8 ft.	60	130.00
	60	130.00
(On pg. 4)		
Steel Reliable self-dump rakes		
8 ft., 20 teeth	60	\$84.00 343
8 " 20 "	60	85.00 340
8 " 24 "	60	86.00 385
10 " 24 "	60	87.00 395
10 " 32 "	60	88.00 425
12 " 32 "	60	89.00 430
12 " 37 "	60	90.00 455
Steel reliable rakes (self-dump)	60	45.00 400
8 ft., 24 teeth		
8 " 20 "	60	84.00 472
8 " 24 "	60	85.00 490
10 " 24 "	60	86.00 518
10 " 32 "	60	87.00 530
12 " 32 "	60	88.00 545
12 " 37 "	60	89.00 580
Orchard rake, hand-dump: 9 ft., 24 teeth	60	15.00 303
Steel Royal 6-fork tedder	60	30.00 338
Steel Royal 8-fork tedder	60	51.00 455
Steel Triumph 6-fork tedder	60	57.00 525
Steel Triumph 8-fork tedder	60	58.00 560
Thomas cylinder, side-D rake, L. H.	60	63.00 650
Thomas cylinder, side-D rake, R. H.	60	82.00 900
	60	83.00 930
1922		
(On pg. 3)		
Two-speed mowers		
Mowers, 4 1/2 ft., regular truck	60	\$90.25 780
Mowers, 4 1/2 ft., wide truck	60	84.50 775
Mowers, 5 ft., regular truck	60	81.25 765
Mowers, 5 ft., wide truck	60	82.50 780
Mower tractor hitch in place of horse hitch	60	87.50 800
Mower tractor hitch in addition to horse hitch or where shipped as an extra	60	5.00
	60	5.00

DESCRIPTION OF EXHIBIT—PRICES TO DEALERS, 1919 TO 1923, INCLUSIVE—CON.

	Each	Ex wt
(On pg. 4)		
Steel Reliable self-dump rakes:		
6 ft., 19 teeth	\$25.00	455
8 " 20 "	27.00	360
8 " 25 "	27.75	380
9 " 22 "	28.50	385
9 " 28 "	29.25	395
10 " 26 "	31.25	425
10 " 32 "	31.00	435
Steel alfalfa rakes (self-dump):		
6 ft., 24 teeth	30.50	472
8 " 25 "	32.00	495
9 " 26 "	33.50	515
10 " 30 "	35.00	530
10 " 32 "	36.50	545
12 " 30 "	40.00	590
12 " 37 "	42.00	610
Orchard rake, hand-dump: 9 ft., 24 teeth	25.00	335
Steel Royal 8-hk tedder	45.00	525
Steel Triumph 8-hk tedder	51.00	630
Thomas cylinder, side-D, rake, L. H.	70.00	950
Thomas cylinder, side-D, rake, R. H.	70.00	950
1923		
(On pg. 5)		
Two-speed mowers:		
Mowers, 4 1/2 ft., regular truck	\$60.25	750
Mowers, 4 1/2 ft., wide truck	64.50	775
Mowers, 5 ft., regular truck	61.25	765
Mowers, 5 ft., wide truck	65.50	790
Mowers, 6 ft., wide truck	67.50	900
Mower tractor hitch in place of horse hitch	5.00	
Mower tractor hitch in addition to horse hitch or where shipped as an extra	5.50	
(On pg. 6)		
Steel Reliable self-dump rakes:		
6 ft., 19 teeth	\$25.00	455
8 " 20 "	27.00	360
8 " 25 "	27.75	380
9 " 22 "	28.50	385
9 " 28 "	29.25	395
10 " 26 "	31.25	425
10 " 32 "	31.00	435
Steel alfalfa rakes (self-dump):		
6 ft., 24 teeth	30.50	472
8 " 25 "	32.00	495
9 " 26 "	33.50	515
10 " 30 "	35.00	530
10 " 32 "	36.50	545
12 " 30 "	40.00	590
12 " 37 "	42.00	610
Orchard rake, hand-dump: 9 ft., 24 teeth	25.00	335
Steel Royal 8-hk tedder	45.00	525
Steel Triumph 8-hk tedder	51.00	630
Thomas cylinder, side-D, rake, L. H.	70.00	950
Thomas cylinder, side-D, rake, R. H.	70.00	950

(200)

Petitioner's Exhibit (S) 60

NO. 1.—DEERE & COMPANY, MOULNE, ILL.—DOMESTIC SALES OF HARVESTING MACHINES, 1919 TO 1923, INCLUSIVE

	1918	1919	1920	1921	1922	1923
Corn binders	6,578	17,339	16,990	4,989	3,915	5,243
Corn binders	4,328	4,790	5,497	1,733	1,980	2,714
Mowers	14,105	23,335	20,727	9,821	8,799	14,327
Self-propelled	7,867	7,279	9,021	4,747	4,290	6,590
Side-delivery rakes	2,990	4,156	5,367	3,056	2,567	2,979

No. 2.—NUMBER OF BRANCH HOUSES, 22

LOCATION

Moline, Illinois.	San Francisco, California.	Baltimore, Maryland.
Milwaukee, Wisconsin.	St. Louis, Missouri.	Portland, Oregon.
Omaha, Nebraska.	Atlanta, Georgia.	Spokane, Washington.
Sioux Falls, So. Dak.	Little Rock, Arkansas.	Indianapolis, Ind.
Minneapolis, Minn.	Nashville, Tennessee.	Lansing, Michigan.
Kansas City, Missouri.	New Orleans, La.	Columbus, Ohio.
Oklahoma City, Okla.	Dallas, Texas.	
Denver, Colorado.	Syracuse, New York.	

900a-900b

Petitioner's Exhibit (S) 51

CONSOLIDATED GENERAL BALANCE SHEET, OCTOBER 31, 1922

ASSETS

Property and equipment:		
Factory and branch house land, buildings and equipment	\$21,169,970.81	
Timber lands and other properties (including miscellaneous investments)	3,425,521.00	
		\$24,595,491.81
Trade names, trade-marks, patents and good will		17,904,400.00
Deferred charges		1,206,782.20
Capital stock held for sale to employees:		
Preferred, 14,245 shares, par value	\$1,424,500.00	
Common, 8,717 shares, par value \$871,700.00	435,850.00	
		1,860,350.00
Current assets:		
Merchandise inventories at the lower of cost or market	\$21,232,709.41	
Less reserve for possible losses	2,242,507.65	
		\$18,990,201.76
Notes receivable	9,323,806.11	
Accounts receivable	5,532,503.10	
Cash	4,075,062.81	
		37,922,233.78
Total		\$83,489,257.79

LIABILITIES

Capital stock		
Preferred stock issued	\$37,828,500.00	
Less: Stock held in Treasury	2,828,500.00	
		\$35,000,000.00
Common stock issued	\$21,572,800.00	
Less: Stock held in Treasury	3,068,400.00	
		17,904,400.00
Ten-year 7½% gold notes, due May 1, 1931		\$52,904,400.00
Current liabilities:		10,000,000.00
Accounts payable and sundry obligations	\$1,067,216.87	
Dividend payable December 1, 1922	262,500.00	
Accrued taxes	2,279,606.01	
		4,209,322.88

Reserves:

Against property and equipment.....	\$5,469,853.46
Against current assets.....	1,630,822.81
Against insurance and pensions.....	643,450.79
Against contingencies.....	430,000.00

\$8,174,127.06

Surplus.....

8,201,407.85

\$83,480,257.79

Note.—Undeclared cumulative dividends on the 7% preferred capital stock amount at October 31, 1922, to 5% thereof, or \$1,750,000.00

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*Petitioner's Exhibit (S) 52*SUMMARY OF CONSOLIDATED INCOME AND PROFIT & LOSS FOR THE YEAR ENDING
OCTOBER 31, 1922

Deficit for the period, before charging administrative and general expenses, interest, etc., but after making provision for taxes, depreciation, cash discounts, possible losses in receivables, etc.....

\$1,019,327.71

Expenses and other charges:

Administrative and general expenses.....	\$508,396.00
Interest on notes payable, etc. (net), and amortization of discount on ten-year 7½% gold notes.....	833,054.22

1,501,450.91

Deficit for the period.....

2,520,778.62

Surplus, November 1, 1921.....

12,034,086.47

Surplus, October 31, 1922, before dividends.....

9,513,307.85

Dividends on preferred stock:

Paid.....	\$1,050,000.00
Declared October 31, 1922, payable December 1, 1922.....	202,500.00

1,312,500.00

Surplus, October 31, 1922.....

\$8,201,407.85

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Petitioner's Exhibit (S) 54

DOMESTIC SALES

FOR YEAR 1919

904 grain binders.
 906 mowers.
 315 headers.
 670 sulky rakes.
 1048 sweep rakes.
 190 stackers.
 276 side-delivery rakes.
 84 corn binders.

FOR YEAR 1920

38 grain binders.
 228 mowers.
 1 header.
 205 sulky rakes.
 228 sweep rakes.
 31 stackers.
 31 side delivery
 3 corn binders.

FOR YEAR 1921

5 grain binders.
 93 mowers.
 23 sulky rakes.
 23 sweep rakes.
 7 stackers.

FOR YEAR 1922

41 sulky rakes.
 20 mowers.
 15 corn binders.

FOR YEAR 1923

None.

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Petitioner's Exhibit (S) 55

LIST OF BRANCH HOUSES

FOR YEAR 1919

Acme Harv. Mach. Co.	1325 St. Louis Ave., Kansas City, Mo.
Do.	1217 Leavenworth St., Omaha, Nebr.
Do.	600 No. Third St., Minneapolis, Minn.
Do.	223 So. Wichita St., Wichita, Kans.
Do.	122 So. West Second, Des Moines, Iowa.

FOR YEAR 1920

Same as for year 1919.

FOR YEAR 1922

None.

FOR YEAR 1921

None.

FOR YEAR 1923

None.

904

Petitioner's Exhibit (S) 56

STATEMENT OF IMPLEMENT DEALERS

FOR YEAR 1919

Approximately 2,000 dealers, located in States of Illinois, Indiana, Missouri, Minnesota, Wisconsin, North and South Dakota, Montana, Nebraska, Wyoming, Kansas, Arkansas, Kentucky, Oklahoma, Colorado, Idaho, Washington, Utah, and Texas.

FOR YEAR 1920

Approximately 1,000 dealers located in above States.

FOR YEAR 1921

Approximately 100 dealers located in above States.

FOR YEAR 1912

Practically none.

FOR YEAR 1922

None.

9005

Petitioner's Exhibit (S) 57

PRICES TO DEALERS

(Same prices for years 1919, 1920, 1921, 1922, and 1923)

6' grain binders	\$175.00
7' " "	175.00
8' " "	203.00
12' header	310.00
14' " "	320.00
4 1/2' Acme mower	64.00
5' " "	65.00
5' Giant	68.00
6' " "	70.00
5' vertical lift mower	69.00
8' sulky rake, 20 3/4" teeth	54.00
9' " " 22 3/4" "	56.00
10' " " 26 3/4" "	58.00
11' " " 28 3/4" "	41.50
12' " " 32 3/4" "	43.50
Fork type side delivery	75.00
2 wheel sweep rake	35.00
4 " power lift sweep rake	45.00
Acme stacker	78.75
#2 stacker	60.00

906-907

Petitioner's Exhibit (S) 58

CONDENSED BALANCE SHEET—FINANCIAL STATEMENT DECEMBER 31, 1922

Current assets:			
Inventory	\$261,201.42		
Outside lines	205.27		
		\$261,406.69	
Cash on hand and in banks		15,963.57	
Bills receivable:			
Notes on hand	\$148,296.24		
Accrued interest	\$48,837.96		
Less interest received	67.47		
		48,770.51	
		197,056.75	
Less reserve for depreciation		179,050.80	
		18,005.95	
Accounts receivable:			
Local agents and misc. sales or counts	\$28,566.03		
Real estate	772.43		
Hollmond claims	47.72		
Cash advanced for expenses	250.00		
		29,636.18	
Less reserve for depreciation		24,708.61	
		4,927.57	
			22,065.32
Sundry unexpired prepaid and deferred charges:			
Interest prepaid	964.40		
Insurance (fire liability and fidelity) (red ink)	2,139.57		
			1,145.17

Investments: Treasury stock.....		\$1.00
Fixed assets:		
Factory lands.....	\$65,008.52	
Factory buildings.....	454,410.00	
Machinery and tools.....	185,747.12	
Patterns and dies.....	551,451.17	
Special tools.....	123.88	
	1,089,830.69	
Less reserve for depreciation.....	499,479.95	
		\$570,350.74
Furniture and fixtures.....		8,340.12
Real estate:		
Subdivision.....	\$2,290.61	
Foreclosure.....	6,342.05	
		8,632.66
Patents.....		587,323.52
Experimental.....		70,808.59
Good will.....		109,213.11
		2,000,000.00
		3,000,506.83
908. Current liabilities:		
Bills payable—		
Banks.....	\$90,000.00	
A. G. Becker & Co.....	100,000.00	
		\$190,000.00
Bills payable:		
Subordinated to all bills and accounts except \$500,000.00 bills		
payable as below.....		563,442.47
Bills payable:		
Subordinated to all other bills and accounts payable.....		500,000.00
Accounts payable:		
Sundry trade creditors.....	\$670.93	
Unclaimed wages.....	276.58	
		947.51
Reserved for taxes.....		4,313.03
Capital liabilities:		
Preferred stock.....	\$500,000.00	
Common stock.....	3,000,000.00	
		3,500,000.00
Less deficit.....	\$1,029,507.41	
1922 loss.....	62,688.77	
		1,092,196.18
		1,807,803.82
		3,000,506.83

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Petitioner's Exhibit (S) 59

BRANCH HOUSES OPERATED

YEAR 1922

Worcester, Mass.—Burnham, Mo.
 Canastota, New York
 Savannah, Ga.—Disc. 2/1/22
 Orville, Ohio
 Lansing, Mich.—Disc. 2/1/23
 Denver, Colo.
 Portland, Oregon

YEAR 1923

Worcester, Mass.—Burnham, Mo.
 Canastota, New York
 Orville, Ohio
 Denver, Colo.
 Portland, Oregon

Assets—Continued

Capital assets

Land, buildings, machinery, equipment, etc.

Appraised value Sep-
tember 30, 1913 \$ 538,643 00
Additions to February
28, 1913 36,778 50

Less reserve for depre-
ciation 1,377,422 64
308,794 86

LIABILITIES

Current liabilities

Accounts payable

Trade material \$ 741 60
Inventories 11,098 47
Bills, country, & city taxes 9,368 12
Federal taxes 2,184 00
Miscellaneous 2,433 75

Notes payable—personal

Accounts—
Subsidiary commissions \$ 27 77
State & county taxes 5,966 28
Interest on bonds 1,368 19
Bonded interest 75,293 26
Sinking fund 48,966 65
Treasury dividend Aug
18, 1910 16,392 00

Total current liabilities

Notes payable—due Mar 18, 1923, with pay-
ment to mature in Mar 18, 1924

Liabilities—Continued

Bonds payable (due Mar 18,

1924)
Authorized \$700,000 00
Less unissued 52,300 00

647,700 00

Treasury—

Cash on de-
posit with
Fidelity &
Trust Co.,
Chicago \$12,221 19

Cash on de-

posit with
Fidelity &
Trust Co.,
Chicago 3,000 00

Mortgage receiv-

able—Ashtabula

Materials Corp 35,000 00

600,621 19

Reserves

For contingencies

discounts & allowances

Federal taxes

Less claims for re-

bates

Capital stock—par value

Preferred

Common

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

Total

DESCRIPTION OF EXHIBIT PRICES TO DEALERS, 1920 AND 1922

DEALERS NET PRICE CONTRACT WITH BATEMAN AND COMPANIES, INC.

Farm implements

(Page 4)	Hay tools	With interest after maturity. Net cash October 15th, less discount of 5% for cash August 15th.
	Mowers	
	Rakes	
	Tedders	

Carry clause.—When four or more mowers are ordered on contract, one-four of all mowers shipped during the season, if on hand unused and unsold, will be carried on the dealer's note without interest, due August 15th of the following year.

(Page 35) Hay tools—Mowers, rakes, tedders.

Terms: Net cash Oct. 15th, less discount of 5% for cash Aug. 15th.

MOWERS

(F. & S. Worcester or factory warehouse)

Quantity	Description	Weight	Price
	Richardson, Flyft., one-horse	985	\$70.00
	Richardson, 4 ft., one-horse	1000	70.00
	Richardson, 4 ft., two-horse	1105	72.00
	Richardson, 5 ft., two-horse	1110	72.00
	Richardson, 6 ft., two-horse	1260	78.00
	Richardson, 7 ft., two-horse	1770	90.00

MOWERS

The following quantity discounts will be allowed from prices on goods purchased and shipped at one time.

All following orders during the season will be accepted at the same price as the initial quantity.

All orders for 5 or more, each, \$1.00.

RAKES

(F. & S. Worcester or factory warehouse)

Quantity	Description	Weight	Price
	Worcester 4 ft., 30 teeth	540	\$25.00
	Worcester 5 ft., 30 teeth	550	27.00
	Worcester 10 ft., 30 teeth	950	35.00
	10 ft. rakes are equipped with combination for one or two horses without extra charge.		
	Combination to equip 4 and 5 ft. rakes for two horses, \$1.00. (Note.—This does not include neck yokes, or extra whiff for the second horse.)		

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IRON AGE (NEW YORK CHAMPION)

(F. o. b. Greenlakh or factory warehouse)

Quantity	Description	Weight	Price
No. 1820—	with wood axle, 8-ft., 20 teeth	296	\$37.45
No. 1826—	with wood axle, 8-ft., 26 teeth	310	38.80
No. 1827—	with wood and steel axle, 8-ft., 22 teeth	334	34.00
No. 2027—	with wood and steel axle, 8-ft., 27 teeth	344	40.85
No. 2024—	with wood and steel axle, 10-ft., 24 teeth	347	40.85
No. 2081—	with wood and steel axle, 10-ft., 31 teeth	354	42.12
If wanted with combination pole and thills, add "C" to number and \$2.00 to price			

BELCHER AND TAYLOR RAKE

(F. o. b. Chicago or factory warehouse)

Nye's National Bulky Rake, 8-ft., 22 teeth	\$35.00
Nye's National Bulky Rake, 8-ft., 26 teeth	36.00
Nye's National Bulky Rake, 8-ft., 28 teeth	37.50

(Page 36)

RAKES

The following quantity discounts will be allowed from prices on goods purchased and shipped at one time.

All following orders during the season will be accepted at the same price as initial quantity.

On orders for 5 or more, each, 50c.

On orders for 10 or more, each, 75c.

TENDERS

(F. o. b. Worcester or factory warehouse)

Worcester, 6-hk.	490	\$78.00
Worcester, 6-hk. (2 horses)	380	64.00
Combination pole and thills for 6-hk. size		1.50
Tender combination includes neck yoke and whiff for second horse.		

ATTACHMENTS

6-hk. wind shield	30	\$5.50
6-hk. wind shield	45	4.50

CHICAGO HAY TENDER

(F. o. b. Chicago or factory warehouse)

6-hk. with shafts	490	\$98.00
6-hk. with comb shafts and pole		38.50
6-hk. for 2 horses with solid pole, evener, whiffle-tree and neck yoke	610	64.00

TENDERS

The following quantity discounts will be allowed from prices on goods purchased and shipped at one time.

All following orders during the season will be accepted at the same price as initial quantity.

On orders for 5 or more, each, 75c.

On orders for 10 or more, each, \$1.00.

Petitioner's Exhibit (S) 62

NO. 5. DEALERS' NET PRICE LIST, F. O. B. FACTORIES—BATEMAN AND COMPANIES, INC.

(Page A) Hay tools, rakes, tedders.—Spring terms covering shipments after November 1st, net September 1st, less 5% for cash July 1st.

(Page 33)

HAY TOOLS

B.A.T.E.M.

(F. O. B. Worcester)

Iron Age (New York Champion)

Quantity	Description	Weight	Price
2,000	No. 1020 with steel axle, 6 ft., 20 teeth	310	\$27.25
2,000	No. 1022 with steel axle, 6 ft., 22 teeth	324	28.00
2,100	No. 1025 with steel axle, 6 ft., 24 teeth	330	28.75
3,000	No. 1030 with steel axle, 10 ft., 30 teeth	350	31.00
3,000	No. 1025 with wood axle, 6 ft., 24 teeth	310	27.25
3,000	No. 1022 with wood axle, 6 ft., 22 teeth	324	28.00
3,100	No. 1025 with wood axle, 6 ft., 24 teeth	330	28.75
3,000	No. 1030 with wood axle, 10 ft., 30 teeth	350	31.00
210	If wanted with combination pole and chills, add ".00" to number and \$1.00 to price.		

RAKES

(F. O. B. Worcester)

Worcester Line

2,000	6 ft., 20 teeth, with wood axle	310	\$27.25
210	If wanted with combination pole and chills, add ".00" to number and \$1.00 to price.		

TEDDERS

(F. O. B. Worcester)

4,000	Worcester, 6-hk.	400	\$41.00
3,000	Worcester, 6-hk. (2 horses)	300	\$31.00
170	Combination pole and chills for 6-hk. rds. Tedder combination includes each pole and wheel for second horse.		1.00

Petitioner's Exhibit (S) 63

CHAS. C. ALLEN CO., BARRI, MASS.

INTERROGATORY #1

NUMBER OF YANKEE RAKES SOLD

1999	440	1999	650
1999	650	1999	900
1999	Name		

AMOUNT OF SALES OF YANKEE RAKES AND REPAIRS

	Rakes	Repairs		Rakes	Repairs
1919	\$13,161.00	\$1,079.87	1922	\$20,171.84	\$1,946.19
1920	17,504.00	1,843.30	1923	25,385.00	2,000.77
1921		1,656.00			

916 *Petitioner's Exhibit (S) 64*

CHAS. G. ALLEN CO., BARRE, MASS.

INTERROGATORY #4

STATEMENT OF CONDITIONS OF CHAS. G. ALLEN CO., JANUARY 1ST, 1923

ASSETS

Cash	\$2,316.24
Accounts receivable	10,802.90
Inventory	44,800.02
Investments	383,102.08
Real estate	105,230.19
Equipment	104,756.89
	\$651,008.41

LIABILITIES

Accounts payable	\$12,173.28
Reserve for depreciation	89,301.62
Present worth	549,533.51
	\$651,008.41

917 *Petitioner's Exhibit (S) 65*

CHAS. G. ALLEN CO., BARRE, MASS.

INTERROGATORY #5

PRICES

	Carloads	Smaller lots	Retail dealers	Retail Price
1919	\$28.00	\$25.00	\$32.00	\$40.00
1920	28.00	25.00	32.00	40.00
1921				
1922	30.00	30.00	32.00	40.00
1923	30.00	32.00	35.00	45.00

STATEMENT SHOWING NUMBER OF HARVESTING MACHINES AND VALUE OF PARTS,
INCLUDING REPAIR PARTS, SOLD TO EMERSON-BRANTINGHAM COMPANY

	Manufactured prior to date of contract	Manufactured subsequent to date of contract and sold during years--			
		1919	1920	1921	1922
Grain binders:					
United States	1,210	3,968	1,644	2	
Foreign	124	2,746	2,604	377	177
	1,334	6,714	4,248	379	177
Rippers:					
United States	56	12	61		26
Foreign		1,905	986		15
	56	1,917	1,047		41
Mowers:					
United States	4,494	463	4,821		
Foreign	264	11,506	2,937	270	27
	4,758	11,969	7,758	270	27
Balers:					
United States	2,673	224	2,986		
Foreign		2,827	1,279	21	
	2,673	3,051	4,265	21	
Toblers:					
United States					
Foreign		151	2		
		151	2		
Corn binders:					
United States	520	979	1,313	34	67
Foreign		4	2		
	520	983	1,314	34	67
Knife grinders:					
United States	22	768	1,827		264
Foreign	221		1,196		
	243	768	3,023		264
Parts, including repair parts, at value charged E. H. Co.	\$137,152	\$289,661	\$656,729	\$113,379	\$41,425

919 STATEMENT SHOWING NUMBER OF HARVESTING MACHINES AND VALUE OF PARTS, INCLUDING REPAIR PARTS, SOLD TO B. F. AVERY & SONS

	Manufactured prior to date of contract	Manufactured subsequent to date of contract and sold during years--			
		1919	1920	1921	1922
Grain binders:					
United States	449	836	3,090	13	
Foreign	15	146	572	143	
	464	982	3,662	156	
Rakes:					
United States	22	20	53		
Foreign	28		404		
	50	20	457		
Reapers:					
United States	124	9	637	78	
Foreign		482			
	124	491	637	78	
Push binders:					
United States	89	1	247	1	
Foreign	15	104	175		
	104	105	422	1	
Mowers:					
United States	2,040	1,768	5,186		
Foreign	536	261	2,744	109	
	2,576	2,029	7,930	109	
Rakes:					
United States	1,134	1,368	3,500		
Foreign	25	621	461		
	1,159	1,989	3,961		
Side-delivery rakes:					
United States	1,103				
Foreign	1		7		
	1,104		7		
Side rakes and loaders:					
United States	170		568		
Foreign			11		
	170		579		
Tedders:					
United States	1	86	228		
Foreign		22	47	245	
	1	108	275	245	
Care binders:					
United States	1				
Foreign					
	1				
Knife grinders:					
United States	18	507	691		
Foreign		218	504		
	18	725	1,195		
Parts, including repair parts, at value charged B. F. Avery & Sons		\$321,632	\$665,344	\$220,034	\$51,390

Note.—Parts sold represent total sales to B. F. Avery & Sons whether manufactured prior to date of contract or subsequent.

Petitioner's Exhibit (S) 67

INTERNATIONAL HARVESTER COMPANY (WISCONSIN STEEL COMPANY) (BENHAM, KENTUCKY).—STATEMENT OF PRODUCTION AND DISPOSITION OF COAL, YEARS 1916, 1918, 1920, 1922

	Net tons			
	1916	1918	1920	1922
Production:				
Inventory at coal mines, January 1st.....	141.2	600.0	4,400.0	810.7
Mined during year.....	404,175.0	421,590.9	633,563.0	649,277.9
	404,317.0	422,190.9	638,023.0	650,088.6
Disposition:				
Used by Wisconsin Steel Company in making coke at Benham, Ky.....	303,267.2	362,103.9	231,117.0	41,914.1
Shipped to International Harvester Co. for making coke at South Chicago, Ill.....			336,104.0	349,946.1
For use at manufacturing plants.....		7,092.3	14,740.5	17,043.3
Sales to other customers.....	60,396.0	121,471.2	16,405.9	237,346.1
Used for fuel at Benham, Kentucky.....	9,303.9	10,030.0	15,736.4	14,052.4
Inventory at coal mines, December 31st.....	140.0	1,000.0	4,015.9	344.1
	404,317.0	422,190.9	638,023.0	650,088.6

921 INTERNATIONAL HARVESTER COMPANY (WISCONSIN STEEL COMPANY) (BENHAM, KENTUCKY).—STATEMENT OF PRODUCTION AND DISPOSITION OF BEEHIVE COKE MADE FROM COAL MINED AT BENHAM, KY., YEARS 1916, 1918, 1920, 1922

	Net tons			
	1916	1918	1920	1922
Production:				
Inventory at coke ovens, January 1st.....	1,061.9	911.0	1,464.9	61.4
Produced during year.....	180,038.0	163,117.0	140,763.0	24,262.1
	181,100.9	164,028.0	142,227.9	24,323.5
Disposition:				
Shipped to International Harvester Co. for use in production of pig iron at steel mills, South Chicago, Ill.....	171,275.1	162,736.2	130,746.4	23,261.9
For use at manufacturing plants.....			4,113.7	80.7
Sales to other customers.....	8,825.4	41.9	17,263.0	17.1
Used for fuel at Benham, Kentucky.....				11.0
Inventory at coke ovens, December 31st.....	1,225.4	960.0	1,126.5	436.9
	181,100.9	164,028.0	142,227.9	24,323.5

922 INTERNATIONAL HARVESTER COMPANY.—STATEMENT OF PRODUCTION AND DISPOSITION OF COKE AT BY-PRODUCT COKE PLANT, No. CHICAGO, ILL., MADE FROM COAL MINED AT BENHAM, KENTUCKY, YEARS 1920, 1922

	Net tons	
	1920	1922
Production:		
Inventory at coke ovens, January 1st.....	431.0	4,634.0
Produced during year.....	222,710.0	223,636.0
	223,141.0	228,270.0
Disposition:		
Used by International Harvester Co. in Production of pig iron at steel mills, South Chicago, Ill.....	222,134.0	212,706.1
Shipped to International Harvester Co. for use at manufacturing plants.....		3,000.1
Sales to other customers.....	419.0	1,563.8
Inventory at coke ovens, December 31st.....		
	223,141.0	228,270.0

Note.—The by-product coke plant was created during the years 1918 and 1919, and production commenced in the latter part of 1919.

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Petitioner's Exhibit (8) 68

INTERNATIONAL HARVESTER COMPANY.—STATEMENT SHOWING PRODUCTION AND DISPOSITION OF IRON ORE, YEARS 1916, 1918, 1920, 1922

	Gross tons			
	1916	1918	1920	1922
Production:				
Inventory at iron-ore mines, January 1st		5,453.0	190,287.2	101,429.5
Mined during year	705,786.9	716,337.7	732,227.0	339,008.0
	705,786.9	721,790.7	822,514.2	461,367.5
Disposition:				
Shipped to International Harvester Co. for use in production of pig iron at Wisconsin Steel Mills	704,910.6	631,839.2	671,305.4	396,820.7
Sales to other customers	96.3	78,513.5	159.4	
Inventory at iron-ore mines, December 31st	777.0	11,418.0	221,049.4	94,546.8
	705,786.9	721,790.7	822,514.2	461,367.5

924 INTERNATIONAL HARVESTER COMPANY.—STATEMENT SHOWING PRODUCTION AND DISPOSITION OF PIG IRON, YEARS 1916, 1918, 1920, 1922

	Gross tons			
	1916	1918	1920	1922
Production:				
Inventory at furnaces January 1st	276.0	479.2	1,013.5	91,231.8
Produced during year	302,825.0	451,063.6	431,033.2	249,220.2
	303,101.0	451,562.8	432,046.7	249,452.0
Disposition:				
Used by International Harvester Co. in production of ingots at Wisconsin Steel Mills	400,635.8	376,712.0	374,589.0	206,092.0
Shipped to International Harvester Co. for use at manufacturing plants	49,978.4	43,536.2	37,431.8	43,146.4
Sales to other customers	51,906.2	29,809.5	19,028.6	71,952.7
Inventory at furnaces, December 31st	360.6	2,905.2	97.5	18,640.9
	303,101.0	451,562.8	432,046.7	249,452.0

925 INTERNATIONAL HARVESTER COMPANY.—STATEMENT SHOWING PRODUCTION AND DISPOSITION OF STEEL INGOTS, YEARS 1916, 1918, 1920, 1922

	Gross tons			
	1916	1918	1920	1922
Production:				
Inventory at steel mills January 1st	999	999	110	79
Produced during year	276,934	365,395	365,328	196,099
	277,233	366,063	365,438	196,099
Disposition:				
Used by International Harvester Co. in production of billets at Wisconsin Steel Mills	375,914	354,812	365,260	196,514
Sold to other customers	319	1,251	178	274
Inventory at steel mills December 31st	277,233	366,063	365,438	196,099

926 INTERNATIONAL HARVESTER COMPANY.—STATEMENT SHOWING PRODUCTION AND DISPOSITION OF STEEL BILLETS, YEARS 1916, 1918, 1920, 1922

	Gross tons			
	1916	1918	1920	1922
Production:				
Inventory at steel mills January 1st	7,075.8	7,955.8	11,155.3	21,238.6
Produced during year	338,822.0	321,196.0	321,490.0	198,944.0
	345,897.8	329,051.8	332,645.3	219,072.6
Disposition:				
Used by International Harvester Co. in production of bars at Wisconsin Steel Mills	341,486.3	322,731.2	327,761.0	183,863.1
Shipped to International Harvester Co. for use at manufacturing plants		700.1	71.3	
Sales to other customers	31.2	74.9	26.3	3
Inventory at steel mills December 31st	4,176.3	5,558.9	4,788.7	8,719.1
	345,897.8	329,051.8	332,645.3	219,072.6

927 INTERNATIONAL HARVESTER COMPANY.—STATEMENT SHOWING PRODUCTION AND DISPOSITION OF FINISHED STEEL PRODUCTS, YEARS 1916, 1918, 1920, 1922

	Net tons			
	1916	1918	1920	1922
Production:				
Inventory at steel mills January 1st	5,179.1	5,208.2	4,320.5	5,144.8
Produced during year	379,394.3	315,733.3	333,399.1	198,378.9
	384,573.4	320,941.5	337,719.6	203,523.7
Disposition:				
Shipped to International Harvester Company for use at manufacturing plants	196,063.3	184,776.2	191,737.3	71,677.3
Sales to other customers	319,378.7	306,974.4	145,982.3	130,372.9
Inventory at steel mills December 31st	4,786.4	6,206.9	5,194.0	4,612.5
	384,573.4	320,941.5	337,719.6	203,523.7

Note.—The finished steel products of the Wisconsin Steel Works consist of merchant bars and structural steel. These products are commercial articles and are used by the International Harvester Company and other manufacturers in whom sold in making machines or in construction work.

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Petitioner's Exhibit (S) 69

INTERNATIONAL HARVESTER COMPANY—WISCONSIN LUMBER COMPANY (DEERING, MINN.).—STATEMENT SHOWING PRODUCTION AND DISPOSITION OF LUMBER, YEARS 1916, 1918, 1920, 1922

	Thousands feet			
	1916	1918	1920	1922
Production:				
Inventory at sawmills January 1st	4,708.9	10,090.5	8,371.5	8,776.9
Produced during year	15,538.4	13,436.9	17,026.4	14,915.7
	20,247.3	23,527.4	25,397.9	23,692.6
Disposition:				
Used at sawmills	1,407.1	1,000.0	900.0	900.0
Shipped to International Harvester Co. for use at manufacturing plants	1,000.0	1,000.0	600.0	100.0
Sales to other customers	7,000.0	11,000.0	13,000.0	12,000.0
Inventory at sawmills December 31st	8,220.0	11,000.0	10,000.0	10,000.0
	20,247.3	23,527.4	25,397.9	23,692.6

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Petitioner's Exhibit (S) 70

INTERNATIONAL HARVESTER COMPANY.—STATEMENT OF PROFIT ON SALES TO OTHER CUSTOMERS OF IRON ORE, PIG IRON, STEEL BILLETS, AND FINISHED STEEL PRODUCTS DURING YEARS 1916, 1918, 1920, 1922

	1916	1918	1920	1922
Sales proceeds:				
Iron ore	\$314.15	\$304,301.43	\$649.12	
Pig iron	891,774.73	1,012,327.42	619,651.07	\$1,475,894.34
Steel billets	533.09	3,096.97	1,996.86	8.50
Finished steel products	7,704,477.94	13,056,065.02	9,154,996.87	4,182,721.10
	\$8,597,100.11	\$14,376,010.84	\$9,777,163.92	\$5,658,610.94
Cost of sales:				
Iron ore	\$145.57	\$135,233.12	\$301.59	
Pig iron	640,454.74	661,201.31	435,604.73	\$1,398,563.67
Steel billets	551.80	2,471.58	940.15	6.99
Finished steel products	4,423,780.08	8,288,821.31	6,619,731.38	4,359,186.39
	\$5,009,941.69	\$9,107,727.32	\$7,056,577.85	\$5,757,756.95
Profit, before deducting interest and Federal taxes:				
Iron ore	\$168.58	\$169,068.31	\$347.53	
Pig iron	251,319.99	351,126.11	184,046.34	\$77,297.77
Steel billets	87.29	625.39	105.71	1.51
Finished steel products	3,280,697.86	4,767,243.71	2,535,265.49	176,455.89
	\$3,532,158.82	\$5,288,283.52	\$2,726,560.07	\$84,755.07

NOTE.—The costs shown above of pig iron and finished steel products are actual integrated costs and therefore do not include any intercompany or interdepartment profit on the iron ore, coal, and coke obtained from the company's mines and coke ovens. Consequently the profits shown above on pig iron and finished steel products comprise the entire profit from the mines to the product sold.

930 INTERNATIONAL HARVESTER COMPANY (WISCONSIN STEEL COMPANY).—STATEMENT OF PROFIT ON SALES TO OTHER CUSTOMERS OF COAL AND COKE DURING YEARS 1916, 1918, 1920, 1922

	1916	1918	1920	1922
Sales proceeds:				
Coal	\$176,919.17	\$278,632.00	\$53,530.53	\$328,564.12
Coke (besides)	24,907.37	263.30	121,645.18	140.33
Coke (by-products)				25,526.86
	\$191,826.54	\$278,895.30	\$175,175.71	\$454,231.31
Cost of sales:				
Coal	\$91,540.17	\$225,922.00	\$31,958.85	\$490,654.67
Coke (besides)	20,052.90	180.60	99,438.05	90.63
Coke (by-products)				26,060.51
	\$111,593.07	\$226,102.60	\$131,396.90	\$516,805.21
Profit, before deducting interest and Federal taxes:				
Coal	\$85,379.00	\$152,710.00	\$21,571.68	\$39,910.00
Coke (besides)	4,854.47	182.70	22,207.13	49.70
Coke (by-products)				4,466.35
	\$90,233.47	\$152,892.70	\$43,778.81	\$44,415.05

931 INTERNATIONAL HARVESTER COMPANY (WISCONSIN LUMBER COMPANY).—STATEMENT OF PROFIT ON SALES TO OTHER CUSTOMERS OF LUMBER DURING YEARS 1916, 1918, 1920, 1922

	1916	1918	1920	1922
Sales proceeds:				
Cost of sales	\$155,080.96	\$443,097.35	\$872,491.06	\$573,536.64
	144,745.35	353,621.66	423,499.85	490,065.41
Profit, before deducting interest and Federal taxes:				
	\$10,335.61	\$89,475.69	\$448,092.11	\$83,471.23

Petitioner's Exhibit (S) 71

INTERNATIONAL HARVESTER COMPANY—WISCONSIN STEEL COKE OVENS, SOUTH CHICAGO.—STATEMENT SHOWING PRODUCTION AND DISPOSITION OF BY-PRODUCTS

	Tar (gals.)	Ammonium sulphate (lbs.)	Benzol (gals.)	Coal gas (M cu. ft.)
YEAR 1920				
Production:				
Inventory at coke ovens, January 1st.	226,547	808,934	18,757	
Produced during year.	2,932,932	8,437,548	933,196	3,773,708
	3,159,479	9,246,482	951,953	3,773,708
Disposition:				
Used by International Harvester Co. for fuel, etc., at steel mills.	130	45	3,296	2,022,080
Sales to other customers.	3,927,349	8,795,073	948,187	1,751,628
Inventory at coke ovens, December 31st.	243,963	155,239	97,442	
	4,171,279	8,924,392	951,925	3,773,708
YEAR 1921				
Production:				
Inventory at coke ovens, January 1st.	310,064	1,062,030	45,222	
Produced during year.	3,593,693	9,378,370	914,713	3,390,068
	3,903,757	10,440,400	960,434	3,390,068
Disposition:				
Used by International Harvester Co. for fuel, etc., at steel mills.	45	1,013	1,907	1,177,380
Sales to other customers.	3,903,654	11,348,110	917,230	2,212,688
Inventory at coke ovens, December 31st.	197,743	186,470	95,307	
	4,101,447	11,535,593	915,437	3,390,068

Note.—The by-product coke plant was erected during the years 1919 and 1920 and production commenced in the latter part of 1919.

933 INTERNATIONAL HARVESTER COMPANY—WISCONSIN STEEL COKE OVENS, SO. CHICAGO, ILL.—STATEMENT OF PROFIT ON SALES TO OTHER CUSTOMERS OF BY-PRODUCTS, YEARS 1920-1922

	1920	1921
Sales proceeds:		
Tar	\$172,905.00	\$201,800.00
Ammonium sulphate	209,738.41	296,527.38
Benzol	221,289.80	190,980.41
Coal gas	637,726.96	673,945.24
	\$1,241,660.17	\$1,363,253.03
Cost of sales:		
Tar	\$117,438.90	\$392,700.41
Ammonium sulphate	365,075.43	358,098.40
Benzol	173,427.08	180,304.40
Coal gas	774,308.00	223,368.79
	\$1,430,249.41	\$1,153,471.90
Profit, before deducting interest and Federal tax:		
Tar	\$65,466.10	\$61,099.59
Ammonium sulphate	36,662.98	34,428.98
Benzol	47,862.72	10,675.91
Coal gas	453,358.97	250,274.94
	\$1,013,350.77	\$1,056,479.42

Note.—The by-product coke plant was erected during the years 1919 and 1920, and production commenced in the latter part of 1919.

The cost of by-products shown above is partly estimated, as it has not been practicable to segregate the cost of by-products from the cost of coke.

INTERNATIONAL HARVESTER COMPANY—STATEMENT SHOWING NET PROCEEDS OF SALES IN THE UNITED STATES OF EACH TYPE OF MACHINE MANUFACTURED AT DERING, MCCORMICK, AUBURN, AND SPRINGFIELD WORKS, YEAR 1919

[illegible]

NOTE.—The above statement does not include the following products of the above works: Machinery and parts sold in the foreign trade, sales under war contracts, castings, etc., sold to other customers and intermediaries.
In the year 1918 the Milwaukee line was manufactured at McCormick works and represents \$777,366.25 of the above net proceeds of McCormick works.

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Petitioner's Exhibit (8) 73

INTERNATIONAL HARVESTER COMPANY—MILWAUKEE LINE.—NUMBER OF MACHINES
MANUFACTURED DURING SEASONS 1919 TO 1923

	Machines manufactured during the seasons—				
	1919	1920	1921	1922	1923
Grain binders.....	840	519	700	700	479
Reapers.....	141	127	180	20	36
Mowers.....	1,341	2,302	960	1,100	1,420
Rakes.....	260	237	100	112	31
Core binders.....	708	212			60

NOTE.—The manufacturing season covers the period from October 1 to September 30 of each year. On October 1, 1918, the commencement of 1919 manufacturing season, the works inventory of complete Milwaukee machines on hand (all of which were available for sale during the years 1919 to 1923, but none of which is included in the above tabulation) consisted of grain binders, 850; reapers, 53; mowers, 2,834; rakes, 862; core binders, 1,106.

In addition to the inventory of complete machines at works on October 1, 1918, there were on hand unmatched shipping packages, that is, odd packages which do not come into a complete machine—representing less than one-half of the cost value of the complete machines manufactured in the season 1919.

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Petitioner's Exhibit (8) 74

FINISHED STEEL PRODUCTS

STATEMENT SHOWING QUANTITY AND AMOUNT OF SALES AND TOTAL COST OF SALES OF FINISHED STEEL PRODUCTS AS APPEARS FROM EXHIBITS —, —, IN CASE OF THE GOVERNMENT VS. THE INTERNATIONAL HARVESTER COMPANY, DISTRICT OF MINNESOTA, FOR THE YEARS 1916, 1918, 1920, AND 1922, AND THE COST AND SALE PRICE PER TON AND PROFITS PER TON AND PER CENT OF PROFITS TO COST AND SALES AS COMPUTED BY THE GOVERNMENT

Classification	1916	1918	1920	1922
Tons sold (Ex. P. 8-98).....	219, 378	306, 374	162, 000	120, 825
Amount of sales (Ex. P. 8-70).....	\$7, 708, 475	\$13, 054, 060	\$6, 124, 607	\$4, 182, 72
Sale price per ton.....	\$35.12	\$42.60	\$38.19	\$34.75
Cost of F. S. products sold (Ex. P. 8-70).....	\$4, 420, 780	\$6, 806, 921	\$4, 018, 721	\$4, 870, 10
Cost price per ton.....	\$20.15	\$22.54	\$24.81	\$40.5
Profits per ton.....	\$14.96	\$20.06	\$13.38	\$-6.75
Per cent of profits to cost.....	74.2	89.4	55.2	14.8
Per cent of profits to sales.....	41.4	58.1	27.6	19.0

937

Petitioner's Exhibit (8) 75

Pig Iron

STATEMENT SHOWING QUANTITY AND AMOUNT OF SALES AND TOTAL COST OF SALES OF PIG IRON AS APPEARS FROM EXHIBITS —, —, IN CASE OF THE GOVERNMENT VS. THE INTERNATIONAL HARVESTER COMPANY, DISTRICT OF MINNESOTA, FOR THE YEARS 1916, 1918, 1920, AND 1922, AND THE COST AND SALE PRICE PER TON AND PROFITS PER TON AND PER CENT OF PROFITS TO COST AND SALES AS COMPUTED BY THE GOVERNMENT

Classification	1916	1918	1920	1922
Tons sold (Ex. P. 8-98).....	51, 300	39, 400	18, 920	71, 000
Amount of sales (Ex. P. 8-70).....	\$697, 774	\$1, 011, 737	\$674, 441	\$1, 475, 00
Sale price per ton.....	\$13.60	\$25.68	\$35.66	\$20.78
Cost of pig iron sold (Ex. P. 8-70).....	\$600, 450	\$601, 301	\$431, 400	\$1, 399, 52
Cost price per ton.....	\$11.70	\$15.26	\$22.78	\$19.71
Profits per ton.....	\$1.90	\$10.42	\$12.88	\$1.07
Per cent of profits to cost.....	16.2	68.3	56.6	5.4
Per cent of profits to sales (Ex. —).....	2.8	34.1	20.1	1.4

938

Petitioner's Exhibit (S) 76

IRON ORE

STATEMENT SHOWING QUANTITY AND AMOUNT OF SALES AND TOTAL COST OF SALES OF IRON ORE AS APPEARS FROM EXHIBITS —, —, IN CASE OF THE GOVERNMENT VS. THE INTERNATIONAL HARVESTER COMPANY, DISTRICT OF MINNESOTA, FOR THE YEARS 1916, 1918, 1920, 1922, AND THE COST AND SALE PRICE PER TON AND PROFITS PER TON AND PER CENT OF PROFITS TO COST AND SALES AS COMPUTED BY THE GOVERNMENT

Classification	1916	1918	1920	1922
Tons sold (Ex. P. 8 66)	90	78,514	159	
Amount of sales (Ex. P. 8 70)	\$214	\$304,301	\$649	
Sale price per ton	\$3.17	\$3.87	\$4.07	
Cost of iron ore sold (Ex. P. 8 70)	\$145	\$155,233	\$301	
Cost price per ton	\$1.60	\$1.98	\$1.90	
Profit per ton	\$1.57	\$1.89	\$2.17	
Per cent of profits to cost	97.116	95.5	114.4	
Per cent of profits to sales	73.8	48.8	52.2	

939

Petitioner's Exhibit (S) 77

BEEHIVE COKE

STATEMENT SHOWING QUANTITY AND AMOUNT OF SALES AND TOTAL COST OF SALES OF BEEHIVE COKE AS APPEARS FROM EXHIBITS —, —, IN CASE OF THE GOVERNMENT VS. THE INTERNATIONAL HARVESTER COMPANY, DISTRICT OF MINNESOTA, FOR THE YEARS 1916, 1918, 1920, AND 1922, AND THE COST AND SALE PRICE PER TON AND PROFITS PER TON AND PER CENT OF PROFITS TO COST AND SALES AS COMPUTED BY THE GOVERNMENT

Classification	1916	1918	1920	1922
Tons sold (Ex. P. 8 67)	6,687	42	15,263	17
Amount of sales (Ex. P. 8 70)	\$24,087	\$265	\$121,641	\$140
Sale price per ton	\$3.60	\$7.00	\$7.96	\$8.23
Cost of coke sold (Ex. P. 8 70)	\$30,055	\$180	\$50,438	\$94
Cost price per ton	\$4.50	\$4.30	\$3.31	\$5.52
Profit per ton	Costs 58	\$2.70	\$4.65	\$2.70
Per cent of profits to cost	5.25	62.5	142.5	48.8
Per cent of profits to sales	2.20	25.7	18.2	32.8

The by-products coke plant was erected in 1918-1919 and production began in the latter part of that year. There were no sales to customers appearing in Exhibit — for 1920. In 1922 the by-product sales were 5,626 1/2 tons amounting to \$35,326.66, or \$6.28 per ton. The cost as given in (Ex. —) amounted to \$26,080.51, or \$7.50 per ton. The profits amounted to \$1.00 per ton, or 22.8% profit on cost and 18.2% profit on sales.

940

Petitioner's Exhibit (S) 78

COAL

STATEMENT SHOWING QUANTITY AND AMOUNT OF SALES AND TOTAL COST OF SALES OF COAL AS APPEARS FROM EXHIBITS —, —, IN CASE OF THE GOVERNMENT VS. THE INTERNATIONAL HARVESTER COMPANY, DISTRICT OF MINNESOTA, FOR THE YEARS 1916, 1918, 1920, AND 1922, AND THE COST AND SALE PRICE PER TON AND PROFITS PER TON AND PER CENT OF PROFITS TO COST AND SALES AS COMPUTED BY THE GOVERNMENT

Classification	1916	1918	1920	1922
Tons sold (Ex. P. 8 67)	95,390	121,421	16,808	227,346
Amount of sales (Ex. P. 8 70)	\$120,919	\$329,652	\$52,536	\$329,064
Sale price per ton	\$1.27	\$2.70	\$3.12	\$1.45
Cost of coal sold (Ex. P. 8 70)	\$91,000	\$225,922	\$51,904	\$490,654
Cost price per ton	\$0.96	\$1.86	\$3.14	\$2.16
Profit per ton	Costs 27	Costs 84	Costs 80	Costs 17
Per cent of profits to cost	28.5	45.1	2.8	7.8
Per cent of profits to sales	27.8	51.1	2.7	5.3

941

Petitioner's Exhibit (S) 79

TAR

STATEMENT SHOWING QUANTITY AND AMOUNT OF SALES TO OTHER CUSTOMERS AND TOTAL COST OF SALES OF TAR MANUFACTURED AT THE WISCONSIN STEEL CORE Ovens, AS APPEARS FROM EXHIBITS —, —, IN CASE OF THE GOVERNMENT VS. THE INTERNATIONAL HARVESTER CO., DISTRICT OF MINNESOTA, FOR THE YEARS 1920 AND 1922, AND THE COST AND SALE PRICE PER GALLON AND PROFITS PER GALLON AND PER CENT OF PROFITS TO COST AND SALES AS COMPUTED BY THE GOVERNMENT

Classification	1920	1922
Quantity of tar sold (Exhibit P. 671)	3,907,500	4,100,000
Amount of sales (Exhibit P. 671)	\$172,000	\$182,000
Sale price per gallon	Costs 4.0	Costs 4.1
Cost of tar sold (Exhibit P. 671)	\$117,000	\$182,000
Cost price per gallon	Costs 3	Costs 4.5
Profits per gallon	Costs 1.0	None
Per cent of profits to cost	100.0	None
Per cent of profits to sales	63.9	None

942

Petitioner's Exhibit (S) 80

AMMONIUM SULPHATE

STATEMENT SHOWING QUANTITY AND AMOUNT OF SALES TO OTHER CUSTOMERS AND TOTAL COST OF SALES OF AMMONIUM SULPHATE MANUFACTURED AT THE WISCONSIN STEEL CORE Ovens, AS APPEARS FROM EXHIBITS —, —, IN CASE OF THE GOVERNMENT VS. THE INTERNATIONAL HARVESTER CO., DISTRICT OF MINNESOTA, FOR THE YEARS 1920 AND 1922, AND THE COST AND SALE PRICE PER POUND AND PROFITS PER POUND AND PER CENT OF PROFITS TO COST AND SALES AS COMPUTED BY THE GOVERNMENT

Classification	1920	1922
Quantity of pounds sold (Ex. P. 671)	8,780,000	11,500,000
Amount of sales (Ex. P. 671)	\$200,000	\$250,000
Sale price per pound	Costs 2.3	Costs 2.2
Cost of A. sulphate sold (Ex. P. 671)	\$200,000	\$250,000
Cost price per pound	Costs 2.3	Costs 2.2
Profits per pound	Costs 0.0	Costs 0.0
Per cent of profits to cost	0.0	0.0
Per cent of profits to sales	0.0	0.0

943

Petitioner's Exhibit (S) 81

BENZOL

STATEMENT SHOWING QUANTITY AND AMOUNT OF SALES TO OTHER CUSTOMERS AND TOTAL COST OF SALES OF BENZOL MANUFACTURED AT THE WISCONSIN STEEL CORE Ovens, AS APPEARS FROM EXHIBITS —, —, IN CASE OF THE GOVERNMENT VS. THE INTERNATIONAL HARVESTER COMPANY, DISTRICT OF MINNESOTA, FOR THE YEARS 1920 AND 1922, AND THE COST AND SALE PRICE PER GALLON, PROFITS PER GALLON, AND PER CENT OF PROFITS TO COST AND SALES AS COMPUTED BY THE GOVERNMENT

Classification	1920	1922
Quantity of gallons sold (Ex. P. 671)	900,000	1,100,000
Amount of sales (Ex. P. 671)	\$220,000	\$150,000
Sale price per gallon	Costs 24.4	Costs 13.6
Cost of benzol sold (Ex. P. 671)	\$220,000	\$150,000
Cost price per gallon	Costs 24.4	Costs 13.6
Profits per gallon	Costs 0.0	Costs 0.0
Per cent of profits to cost	0.0	0.0
Per cent of profits to sales	0.0	0.0

Petitioner's Exhibit (S) 82

COAL GAS

STATEMENT SHOWING QUANTITY AND AMOUNT OF SALES TO OTHER CUSTOMERS AND TOTAL COST OF SALES OF COAL GAS MANUFACTURED AT THE WISCONSIN STEEL COKE OVENS AS APPEARS FROM EXHIBITS —, —, IN CASE OF THE GOVERNMENT VS. THE INTERNATIONAL HARVESTER CO., DISTRICT OF MINNESOTA, FOR THE YEARS 1920 AND 1922, AND THE COST AND SALE PRICE PER THOUSAND CUBIC FEET, PROFITS PER THOUSAND CUBIC FEET, AND PER CENT OF PROFITS TO COST AND SALES AS COMPUTED BY THE GOVERNMENT

Classification	1920	1922
Number of thousand cubic feet sold (Ex. F 8 71)	1,743,696	2,218,667
Amount of sales (Ex. F 8 71)	\$227,737	\$472,642
Sale price per thousand cubic feet	Cents 36	Cents 21.3
Cost of coal gas sold (Ex. F 8 71)	\$174,969	\$221,966
Cost price per thousand cubic feet	Cents 10	Cents 10
Profits per thousand cubic feet	Cents 26	Cents 11.3
Per cent of profits to cost	6.96	6.113
Per cent of profits to sales	5.2	5.6

Petitioner's Exhibit (S) 83

LUMBER

STATEMENT SHOWING QUANTITY AND AMOUNT OF SALES AND TOTAL COST OF SALES OF LUMBER AS APPEARS FROM EXHIBITS —, —, IN CASE OF THE GOVERNMENT VS. THE INTERNATIONAL HARVESTER COMPANY, DISTRICT OF MINNESOTA, FOR THE YEARS 1916, 1918, 1920, AND 1922, AND THE COST AND SALE PRICE PER THOUSAND FEET AND PER CENT OF PROFITS TO COSTS AND SALES AS COMPUTED BY THE GOVERNMENT

Classification	1916	1918	1920	1922
Number of thousand feet sold (Ex. F 8 66)	7,080	11,001	15,216	13,063
Amount of sales (Ex. F 8 70)	\$155,090	\$442,997	\$672,461	\$678,128
Sale price per M. feet	\$22.00	\$40.41	\$44.16	\$51.93
Cost of lumber sold (Ex. F 8 70)	\$144,145	\$353,621	\$425,439	\$449,065
Cost per M. feet	\$20.35	\$32.14	\$28.00	\$34.37
Profits per M. feet	\$1.65	\$8.27	\$16.16	\$17.56
Per cent of profits to cost	8.1	25.7	57.7	51.1
Per cent of profits to sales	1.1	1.9	2.4	2.6

Petitioner's Exhibit (S) 83

RECAPITULATION

STATEMENT SHOWING TOTAL AMOUNT AND COST OF SALES AND PROFITS ON EACH COMMODITY, AS SHOWN BY EXHIBITS —, —, IN CASE OF THE GOVERNMENT VS. THE INTERNATIONAL HARVESTER CO., DISTRICT OF MINNESOTA, FOR 1916, 1918, 1920, AND 1922, AND PER CENT OF TOTAL PROFIT TO COST AND SALES, AS COMPUTED BY THE GOVERNMENT

Classification	1916	1918	1920	1922
Sales:				
Iron ore	\$214	\$306,301	\$349	
Pig iron	691,774	1,012,527	619,631	\$1,471,961
Steel billets	134	3,097	1,967	
Finished steel products	7,708,479	13,096,085	8,104,007	8,182,722
Total	\$8,394,187	\$14,378,010	\$8,774,104	\$9,654,683
Cost:				
Coal	\$126,919	\$128,682	\$60,330	\$126,104
Coke (baffle)	26,007	261	171,665	100
Coke by-products				\$1,000
Total	\$152,926	\$128,943	\$171,995	\$127,104
Tar			\$173,808	\$302,938
Ammonium sulphate			360,728	380,537
Betanol			221,300	100,000
Coal gas			627,727	673,642
Total by-products			\$1,413,663	\$1,156,517
Lumber	\$150,000	\$442,907	\$672,491	\$773,120
Grand total sales	\$8,544,187	\$14,820,917	\$10,049,294	\$11,706,240
Cost of sales:				
Iron ore	\$214	\$136,223	\$349	
Pig iron	540,451	981,301	423,000	\$1,548,160
Steel billets	131	3,472	940	
Finished steel products	8,428,780	9,099,821	8,610,731	8,510,100
Total	\$1,069,585	\$9,219,817	\$9,044,979	\$10,058,260
Coal	\$91,100	\$125,922	\$51,000	\$100,000
Coke (baffle)	26,000	190	16,428	100
Coke (by-products)				10,000
Total	\$117,100	\$126,112	\$67,428	\$110,100
Tar			\$117,827	\$302,700
Ammonium sulphate			360,728	380,000
Betanol			173,687	100,000
Coal gas			173,680	221,300
Total by-products			\$825,922	\$1,003,000
Lumber	\$144,745	\$438,791	\$675,600	\$763,000
Grand total cost	\$1,316,330	\$9,684,710	\$9,814,607	\$11,333,360
Profits	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Per cent of profits to cost	77%	10%	10%	9%
Per cent of profits to sales	12%	7%	10%	9%

Petitioner's Exhibit (S) 85

INTERNATIONAL HARVESTER COMPANY, MILWAUKEE LINE—NUMBER OF MACHINES MANUFACTURED DURING SEASON 1918

Grain binders	1,357	Rakes	1,375
Reapers	12	Corn binders	2,975
Mowers	4,352		

NOTE.—The manufacturing season covers the period from October 1, 1917, to September 30th, 1918.

949

Petitioner's Exhibit (S) 86

INTERNATIONAL HARVESTER COMPANY—SUMMARY OF ACCOUNT WITH EMERSON-BRANTINGHAM COMPANY, OCTOBER 1, 1918, TO DECEMBER 31, 1923

	Inventory added in 1918	Subsequent charges					Total
		1919	1920	1921	1922	1923	
Charges for—							
Machinery and other plant equipment	\$100,212.00		\$48,137.00	\$1,811.52			\$150,150.52
Harvesting machines, parts, etc.	630,991.30	\$2,298,487.27	\$1,128,661.71	\$79,236.78	\$75,853.63	\$146,379.05	7,409,162.06
Interest		2,916.15	6,631.98	40,647.57	45,794.57	35,936.38	131,796.65
Total	\$730,203.30	\$2,301,623.72	\$1,135,420.70	\$221,695.87	\$121,648.22	\$182,315.43	\$7,730,009.51
Credits: Payments		\$1,800,835.72	\$1,720,657.18	\$150,904.14	\$75,070.52	\$28,496.22	\$3,776,013.78
Balance outstanding			\$414,785.60	\$71,801.52	\$46,567.70	\$153,819.21	\$1,625,471.04

NOTE.—Of the above balance \$717,027.57 is evidenced by 5½% notes maturing in 1924 on which interest has been paid to date, the remainder, \$908,443.97, is an open account on which no interest has been charged.

950

Petitioner's Exhibit (S) 87

INTERNATIONAL HARVESTER COMPANY—SUMMARY OF ACCOUNT WITH H. F. AVERY & SONS, JANUARY 1, 1919, TO DECEMBER 31, 1923

	1919	1920	1921	1922	1923	Total
Charges for—						
Machinery and other plant equipment	\$50,711.00	\$600.00				\$50,711.00
Harvesting machines, parts, etc.	1,293,891.19	1,869,168.02	\$290,194.63	\$53,891.45	\$135,497.27	3,621,612.56
Interest	1,282.87	8,141.75	58,094.51	27,541.85	27,163.42	129,724.41
Total	\$1,395,085.06	\$1,877,909.77	\$327,789.14	\$81,433.30	\$162,660.70	\$3,829,447.97
Credits: Payments	1,395,085.06	1,280,990.51	80,266.06	62,246.19	119,478.47	2,921,066.29
Balance outstanding		\$597,019.26	\$247,523.08	\$19,187.11	\$43,182.23	\$918,859.68

NOTE.—Interest paid on above account in full to December 15, 1923, waived for two years from that date on condition that not less than \$12,000 be paid each month.

951

Petitioner's Exhibit (S) 88

DESCRIPTION OF EXHIBIT, CERTIFIED COPY OF SENATE RESOLUTION NO. 223, DIRECTING FEDERAL TRADE COMMISSION TO INVESTIGATE AND REPORT ON CAUSES FOR THE HIGH COST OF FARM IMPLEMENTS

952

UNITED STATES OF AMERICA,
UNITED STATES SENATE,
OFFICE OF SECRETARY,
Washington, D. C., December 19, 1923.

I hereby certify that the annexed is a true copy of the Journal of the Senate of the United States relating to the passage and text of Senate Resolution No. 223, 65th Congress, 2nd session, namely:
"Investigation as to cost of farm implements, etc."

"On motion by Mr. Thompson, and by unanimous consent, the Senate proceeded to consider the resolution submitted by him April 12, 1918, directing the Federal Trade Commission to investigate and report to the Senate the causes for the high prices of the articles hereinafter mentioned, consisting mostly of agricultural implements; report the facts relative to existence of unfair trade methods and competition in violation of the antitrust laws, and so forth; and having been amended on the motion of Mr. Thompson, the resolution as amended was agreed to, as follows:

"Resolved, that the Federal Trade Commission be, and it is hereby, directed, under the authority of the act entitled 'An act to create a Federal Trade Commission, to define its purposes and duties, and for other purposes,' approved September 26, 1914, to investigate and report to the Senate the cause or causes for the high prices of the articles hereinafter mentioned required to be bought and used by the farmers of the country on the farms, and to investigate and report the facts relative to the existence of any unfair methods of trade or competition by manufacturers and dealers in any of the articles hereinafter mentioned in respect to any act, combination, agreement, or conspiracy to restrict, depress, or control the prices, production, or supply of any of the articles enumerated as follows, to wit:"

"Agricultural implements and machinery of every kind and description."

"And that the Federal Trade Commission report whether, under the facts found the farmers are required to pay an unreasonable price for the things they are required to purchase and use on the farms in the production of food products, and whether they are thereby prevented from making a fair profit for their labor and money expended toward production."

Senate Journal, May 13, 1918, p. 206.

In witness whereof I have hereunto set my hand, and caused the seal of the United States Senate to be affixed, on the day and year first above written.

(Signed)

GEORGE A. SANDERSON, *Secretary.*

(SEAL.) (United States Senate.)

953

Petitioner's Exhibit (S) 89

DESCRIPTION OF EXHIBIT, CERTIFIED COPY OF SENATE RESOLUTION NO. 223 AND LETTER TRANSMITTING IT, DIRECTING THE ATTORNEY GENERAL TO REPORT WHAT PROCEEDINGS, IF ANY, HE PROPOSED TO TAKE TO OBTAIN FURTHER RELIEF IN THIS CAUSE

954

UNITED STATES OF AMERICA,
DEPARTMENT OF JUSTICE,
Washington, D. C., December 18, 1923.

Pursuant to section 882 of the Revised Statutes, I hereby certify that the annexed are true copies of the original Senate Resolution 223 and letter transmitting it on file in this department.

In witness whereof, I have hereunto set my hand and caused the seal of the Department of Justice to be affixed, on the day and year first above written.

[SEAL.] (Department of Justice.)

(Signed):

H. M. DAUGHERTY,
Attorney General.

S. Res. 223

IN THE SENATE OF THE UNITED STATES

January 24, 1922

Whereas in a suit instituted April 30, 1912, by the United States, the International Harvester Company was adjudged by the court on August 12, 1914, a combination repugnant to the antitrust laws; and

Whereas negotiations pending prior to the institution of said suit for suitable settlement and decree in the public interest were terminated and suit commenced because of the refusal of the Attorney General to accept any settlement and decree which did not provide for the complete separation of the McCormick and Deering plants and lines and their control, inasmuch as said plants and lines constituted the predominant elements of the combination; and

Whereas on November 2, 1918, a consent decree was agreed to by the then Attorney General and entered in said cause then pending on appeal, by which consent decree it was provided that the International Harvester Company should divest itself merely of certain minor and comparatively unimportant and unprofitable properties; and

Whereas said consent decree left the International Harvester Company in possession of those predominant elements, the ownership of which had been the prime reason for the commencement of the action, to wit, the McCormick and Deering plants and lines, and thus surrendered the substantial results obtained, and for which the suit had been instituted; and

Whereas a report to the Senate dated May 4, 1920, entitled "Report of the Federal Trade Commission on the causes of the high prices of farm implements," and the entire record in the case con-

tend that the property to be disposed of in conformance to said consent decree would only divest the International Harvester Company of certain minor and unprofitable portion of its business, and would leave the combination still in possession of the major and dominant elements thereof, to wit, the McCormick and Deering plants and brands; and

Whereas said report contends that under said decree effective conditions in substantial harmony with the law, including effective competition and reduced prices of farm implements to the farmers, can not result or be obtained while the International Harvester Company is permitted to retain its said dominant elements; and

Whereas said report contends that it is necessary and urgent, in the public interest, without further and unnecessary delay, to procure complete separation of ownership and control, direct or indirect, of said McCormick and Deering plants and brands, together with such other divisions of the business of the International Harvester Company as may be necessary effectively to restore competitive conditions in real harmony with the law: Therefore be it

955 *Resolved*, that the Attorney General be, and he is hereby, directed to inform the Senate what action, if any, is contemplated by the Department of Justice to bring about a modification of said decree, in order that the same may comply with the real judgment rendered by the court in said case; or, if such course be not practical, whether the Department of Justice contemplates any other separate and independent action against said International Harvester Company for the purpose of effectively restoring competitive conditions between the various corporations composing and comprising said International Harvester Company.

Attest:

GEORGE A. SANDERSON,

Secretary.

[SEAL.] (Department of Justice.)

UNITED STATES SENATE,

OFFICE OF THE SECRETARY,

January 24, 1922.

Sir: I have the honor to hand you herewith a resolution of the Senate of the United States, dated January 24, 1922, directing that the Attorney General inform the Senate what action, if any, is contemplated by the Department of Justice to bring about a modification of a consent decree entered November 2, 1918, which was agreed to by the then Attorney General, and provided that the International Harvester Company should divest itself merely of certain minor and comparatively unimportant and unprofitable properties, in order that the same may comply with the real judgment rendered by the court, or whether the Department of Justice contemplates any other separate and independent action against said International Harvester Company for the purpose of effectively restoring competitive conditions between the various corporations composing and comprising said International Harvester Company.

Will you kindly acknowledge receipt of the resolution on the enclosed form?

Please direct your response to the resolution to the President of the Senate.

Very respectfully,

GEORGE A. SANDERSON, *Secretary.*

The ATTORNEY GENERAL,

Washington, D. C.

[SEAL.] (Department of Justice.)

956 *Statement re petitioner's Exhibit (S) 90*

PETITIONER'S EXHIBIT (S) 90—CERTIFIED COPY OF REPORT OF THE FEDERAL TRADE COMMISSION ON THE CAUSES OF HIGH PRICES OF FARM IMPLEMENTS, DATED MAY 4, 1920

By stipulation between counsel for the respective parties, this exhibit will not be printed in the appeal record, but the original certified copy will be sent up with the transcript of record to the Supreme Court of the United States, to be referred to by both parties.

957 *Petitioner's Exhibit (S) 91*

KEY TO TABLES IN PETITIONER'S EXHIBIT (S) 90

958 Identification of manufacturers whose costs are reported in the following tables submitted in the report of the Federal Trade Commission as the causes of the high prices of farm implements, dated March 4, 1920.

TABLES 10, 20, 21, 22, AND 23 AND 24 (PAGES 90 TO 95, INCLUSIVE, OF FEDERAL TRADE REPORT)

Manufacturer No.	Identification
1.....	Rude Manufacturing Company.
2.....	Dowagiac Drill Company.
3.....	Peoria Drill and Seeder Company.
4.....	Ohio Rake Company.
5.....	Litchfield Manufacturing Company.
6.....	La Crosse Plow Company.
7.....	Roderick Loan Manufacturing Company.
8.....	Janesville Machine Company.
9.....	New Idea Spreader Company.
10.....	William Galloway Company.
11.....	Sears, Roebuck Company.
12.....	J. I. Case Plow Works.
13.....	Walter A. Wood Mowing & Reaping Machine Company.
14.....	R. F. Avery & Sons, Inc.
15.....	American Seeding Machine Company.
16.....	Rock Island Plow Company.
17.....	Parlin & Orendorff Company.
18.....	Oliver Chilled Plow Works.
19.....	Emerson Brantingham Company.
20.....	Moline Plow Company.
21.....	Deere & Company.
22.....	International Harvester Company.
23.....	Acme Harvesting Machine Company.
24.....	Thomas Manufacturing Company.
25.....	Thornhill Wagon Company.
26.....	Winona Wagon Company.

TABLE #64—MOWERS (PAGE 166 OF REPORT)

Manufacturer No.	Identification
1.....	International Harvester Company.
2.....	Moline Plow Company.
3.....	Walter A. Wood Mowing & Reaping Machine Company.
4.....	Deere & Company.
5.....	Massey-Harris Harvester Company.
6.....	Sears, Roebuck Company.
7.....	Emerson-Brantingham Company.
8.....	Acme Harvesting Machine Company.
9.....	Thomas Manufacturing Company.

TABLE #65—DUMP RAKES (PAGE 167 OF RECORD)

1.....	Walter A. Wood Mowing & Reaping Machine Company.
2.....	Thomas Manufacturing Company.
3.....	Massey-Harris Harvesting Company.
4.....	International Harvester Company.
5.....	Ohio Rake Company.
6.....	Moline Plow Company.
7.....	Deere & Company.
8.....	Sears, Roebuck Company.
9.....	Acme Harvesting Machine Company.
10.....	Emerson-Brantingham Company.

950 TABLE #66—SIDE DELIVERY HAY RAKES (PAGE 169 OF RECORD)

1.....	International Harvester Company.
2.....	Rock Island Plow Company.
3.....	Deere & Company.
4.....	Ohio Rake Company.
5.....	Moline Plow Company.
6.....	Massey-Harris Harvester Company.
7.....	Acme Harvesting Machine Company.
8.....	Thomas Manufacturing Company.
9.....	Emerson-Brantingham Company.

TABLE #67—HAY LOADERS (PAGES 170, 171 OF RECORD)

1.....	International Harvester Company.
2.....	Moline Plow Company.
3.....	Rock Island Plow Company.
4.....	Ohio Rake Company.
5.....	Deere & Company.
6.....	Emerson-Brantingham Company.
7.....	Thomas Manufacturing Company.

TABLE #68—GRAIN REVERSERS (PAGE 172 OF RECORD)

1.....	International Harvester Company.
2.....	Deere & Company.
3.....	Walter A. Wood Mowing & Reaping Machine Company.
4.....	Moline Plow Company.
5.....	Massey-Harris Harvester Company.
6.....	Acme Harvesting Machine Company.

TABLE #69—CORN REVERSERS (PAGES 173, 174 OF RECORD)

1.....	International Harvester Company.
2.....	Moline Plow Company.
3.....	Massey-Harris Harvester Company.
4.....	Deere & Company.
5.....	Acme Harvesting Machine Company.

The key for Tables 64, 65, 66, 67, 68, and 69 are the same as the key for the roman numerals #29 to #40 (pages 692 to 695 in the Federal Trade Commission Report).

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Petitioner's Exhibit (S) 92

FEDERAL TRADE COMMISSION, WASHINGTON, D. C.

I, Otis B. Johnson, Secretary of the Federal Trade Commission, do hereby certify that the following is a full, true and complete copy of a resolution adopted by the commission on December 14, 1923:

"Resolved, that in recognition of the public interest appearing herein, that the Federal Trade Commission hereby places at the disposal of the Department of Justice in aid of the pending suit of the United States Government against International Harvester Company, any and all data, records, documents and information in possession of the commission, supporting the published report of the Federal Trade Commission, entitled 'Causes of the high prices of farm implements,' dated May 4, 1920."

In testimony whereof I hereunto subscribe my name and affix the seal of the said Federal Trade Commission at my office in the city of Washington, D. C., this 29th day of December, A. D. 1923.

[SEAL]

(Signed)

OTIS B. JOHNSON,

Secretary.

Federal Trade Commission
United States of America
MCMXXV

961

Petitioner's Exhibit (S) 93

STATEMENT OF MARKETING MINNESOTA MACHINES

Business is solicited from Minnesota, Wisconsin, Iowa, North and South Dakota, and Nebraska, having established in the foregoing States, during 1923 season, 1,056 dealers.

(Signed)

M. McMILLAN,

*Superintendent of Industries,**Minnesota State Prison.*

Subscribed and sworn to before me this 31st day of December, 1923.

[SEAL]

(Signed)

J. E. DESAUTELS,

Notary Public, Washington County, Minn.

My commission expires ———

My commission expires Nov. 16th, 1930. J. E. Desautels, Notary Public, Washington County, Minn.

Petitioner's Exhibit (S) 94

DEALERS' LIST PRICES OF MINNESOTA MACHINES F. O. B. STILLWATER

Machine	1919	1920	1921	1922	1923
6-ft. binder with S. P.	\$154.00	\$154.00	\$157.00	\$118.00	\$118.00
6-ft. binder with tongue truck	158.00	158.00	171.00	132.00	132.00
7-ft. binder with S. P.	158.00	158.00	181.00	122.00	122.00
7-ft. binder with tongue truck	172.00	172.00	175.00	136.00	136.00
6-ft. binder with tongue truck	183.00	183.00	196.00	142.00	142.00
4 1/2 ft. mower	52.00	52.00	55.00	46.00	46.00
4-ft. mower	52.00	54.00	56.00	47.00	47.00
4-ft. glider mower			56.00	50.00	50.00
6-ft. mower	56.00	57.00	60.00	51.00	51.00
10-ft. 36-tooth rake	31.00	31.00	32.00	26.50	26.50
10-ft. 36-tooth rake	32.00	32.00	34.00	27.50	27.50
13-ft. 36-tooth rake	34.00	34.00	36.00	30.00	30.00
Sub-delivery rake					
Sub-tongue truck	18.00	18.00	20.00	19.00	19.00
Transport truck	7.00	7.00	9.00	7.00	7.00
Flat attachment	1.00	1.00	7.00	6.00	6.00

I hereby certify that the foregoing list prices of Minnesota machines f. o. b. Stillwater, Minn., are true and correct according to my best knowledge and belief.

(Signed) M. McMILLAN,
Superintendent of Industries,
Minnesota State Prison.

Subscribed and sworn to before me this 31st day of December, 1923.

(Signed) R. B. McPHETRES,
Notary Public, Washington Co., Minnesota.

My commission expires Feb. 9, 1926.

Petitioner's Exhibit (S) 95

FARM MACHINERY GROSS SALES & GROSS SALES VALUE,
STILLWATER, MINNESOTA, DEC. 31, 1923

Year	Binders	Mowers	Rakes	Amount
1919	6,420	6,420	2,820	\$1,176,120.00
1920	8,000	8,000	3,117	1,020,000.00
1921	1,000	2,000	1,000	300,000.00
1922	5,118	2,120	1,200	201,000.00
1923	5,100	2,100	1,700	222,000.00

I hereby certify that the foregoing figures are approximately the correct figures of gross sales.

(Signed) M. McMILLAN,
Superintendent of Industries,
Minnesota State Prison.

Subscribed and sworn to before me this 31st day of December, 1923.

(Signed) R. B. McPHETRES,
Notary Public, Washington Co., Minn.

My commission expires Feb. 9, 1926.

964 *Petitioner's Exhibit (S) 96*

MEMORANDUM FARM MACHINERY PROFIT AND LOSS, MINNESOTA STATE PRISON

	Profit	Loss
Year 1918		
Year 1919	\$126,743.27	
Year 1920	38,573.66	
Year 1921		\$163,200.83
Year 1922		439,561.62
Not lost	625,187.83	147,744.31
	\$770,506.76	\$770,506.76

I hereby certify that the above profit & loss statement covers binders, mowers, rakes, accessories, and repairs.

(Signed) M. C. McMillan,
Superintendent of Industries,
Minnesota State Prison.

Subscribed and sworn to before me this 31st day of December, 1923.

(Signed) R. B. McPhetres,
Notary Public, Washington Co., Minn.

My commission expires Feb. 9, 1926.

965 *Petitioner's Exhibit (S) 97*

STATEMENT OF HAY STACKERS AND HAY SWEEP RAKES SOLD IN UNITED STATES BY YALE AND HOWELL COMPANY FOR THE YEARS 1919, 1920, 1921, 1922, AND 1923

	1919	1920	1921	1922	1923
Stackers					
Standard	94	154			
# Heavy Duty		150	2	None	None
Totals	94	294	2	0	0
Sweep rakes					
No. 0	0	26	None	None	None
No. 2	22	76	40		
No. 3	1	130	None		
No. 4	56	75			
No. 5	166	127			
Totals	181	485	40	0	0

Petitioner's Exhibit (S) 98

STATEMENT OF JOHNSON HANDLING YALE AND HOPSWELL COMPANY'S HAY STACKERS AND SWEEP RAKES, SHOWING NUMBER PURCHASED AND PRICES PAID FOR SAME; STATEMENT COVERS YEARS 1919 TO 1923, INCLUSIVE

	Stackers		Sweep rakes				
	Standard	Heavy Duty	No. 0	No. 2	No. 3	No. 4	No. 1
Livingston Implement Co.,							
Omaha, Nebraska:							
Sold year 1919	85	0	0	21	0	30	30
Prices charged	\$37.10			\$34.85		\$18.90	\$21.75
Sold year 1920	131	100	20	70	120	70	127
Prices charged	\$79.80	\$98.00	\$38.00	\$46.80	\$48.00	\$26.00	\$28.00
Lindsay Brothers, Minneapolis,							
Minn.:							
Sold year 1919	0			1	5	0	
Prices charged	\$27.10			\$34.85	\$35.37	\$18.90	
Sold year 1920	1				4		
Prices charged	\$26.90				\$39.00		
Maline Hooper Co., Memphis,							
Tenn.:							
Sold year 1920	2			60			
Prices charged	(1-\$75.20) (1-\$74.00)			\$30.00			

Petitioner's Exhibit (S) 99

YALE & HOPSWELL COMPANY—STATEMENT OF ASSETS AND LIABILITIES DECEMBER 31, 1922

CURRENT ASSETS

Cash and banks		\$328.08
Notes receivable:		
Customers	\$5,129.97	
Personal	7,037.46	
	\$12,167.43	
Accounts receivable:		
Customers accounts	20,953.13	
Assigned accounts, \$11,740.88 equity	4,100.49	
Consigned accounts	3,168.76	
Personal accounts	7,544.81	
Debit balances, trade cre.	325.91	
	\$48,060.53	
Less reserve, doubtful	14,101.23	
	\$34,858.30	
Merchandise inventory	78,318.20	
		\$113,574.28
Investments:		
Lovella ditch stock		\$735.25
Real estate, Denver		3,477.00
		4,212.25
Permanent:		
Real estate and buildings		\$50,544.02
Machinery and equipment	\$113,824.94	
Less reserve for depreciation	34,762.04	79,062.90
Patents & good will		2.00
		128,608.92
Deferred:		
Unexpired insurance		951.25
		\$257,547.08

CURRENT LIABILITIES

Notes payable:

To banks for loans	\$82,281.52
For merchandise	65,283.51
To individuals	28,478.32
	<u>\$176,043.35</u>

Accounts payable:

To trade creditors	\$26,179.87
Credit balances, customers	1,450.88
Due to employees	6,492.79
Accrued taxes	14,739.93
Accrued interest	8,106.08
	<u>56,969.55</u>
	<u>\$232,982.90</u>

Nominal:

Capital stock, preferred	\$65,575.00
Capital stock, common	191,068.00
	<u>256,643.00</u>
Deficit	<u>252,278.86</u>
	<u>24,364.14</u>
	<u>\$257,347.04</u>

(Signed by)

E. H. HENKLE, *Chairman of Bd.*R. H. YALE, *President*D. L. YALE, *Secretary*

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Petitioner's Exhibit (S) 100

1919

Dealers (ID) (Amount)	Mowers	Tedders	Rakes	List price	Discount	
A. M. Russell, New Kingston, N. Y.		2		\$120.00	25%	\$90.00
L. H. Neighbour, Hackettstown, N. J. (ID)	1			92.00	25%	69.00
L. H. Neighbour, Hackettstown, N. J. (ID)			1	41.00	25%	30.75
Valand Bader, Hampstead, Md.			1	41.00	25%	30.75
W. T. Kendrew, Monaca, Pa.	4			308.00	25%	231.00
W. T. Kendrew, Monaca, Pa.		2		120.00	25%	90.00
W. T. Kendrew, Monaca, Pa.			2	80.00	25%	60.00
H. D. Butler, Trenton, Pa. (ID)	1			80.00	25%	60.00
H. D. Butler, Trenton, Pa. (ID)			1	37.00	25%	27.75
V. Fluck, Limerport, Pa.	(all 1)			132.00	25%	99.00
Direct to farmers	8					616.00
Direct to farmers		8				426.00
Direct to farmers			4			144.00
	15	12	9			<u>2,022.00</u>

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Petitioner's Exhibit (S) 101

1920

Dealers (ID) (Amount)	Mowers	Tedders	Rakes	List price	Discount	
A. M. Russell, New Kingston, N. Y.		2		\$135.00	25%	\$101.25
B. F. Billmeister, Nantoth, Pa., R. D. (ID)			1	42.00	10%	37.80
Direct to farmers	7					819.00
Direct to farmers		2				135.00
Direct to farmers			2			122.00
	7	4	4			<u>1,027.00</u>

Petitioner's Exhibit (S) 102

1921

Dealers	Mowers	Tubbers	Rakes	List price	Discount	
A. M. Russell, New Kingston, N. Y.			1	\$45.00	20%	\$36.00
Samuel Rarg, Catawissa, Pa.		2		150.00	20%	120.00
Samuel Rarg, Catawissa, Pa.		1		90.00	25 & 10	67.50
W. T. Kendrew & Son, Monaca, Pa.	1				Charged net	72.50
W. T. Kendrew & Son, Monaca, Pa.			1		Charged net	37.50
John C. Turner, Waukegan, N. J.			1	\$5.00	20%	\$4.00
Direct to farmers	4					267.00
Direct to farmers		3				214.00
Direct to farmers			2			80.00
	5	11	2			1,260.75

Petitioner's Exhibit (S) 103

1922

Dealers (12) deceased	Mowers	Tubbers	Rakes	List price	Discount	
O. J. York, Cheektow, N. Y.		2		\$180.00	20% & 10	\$99.75
A. Bender, Port Chester, N. Y.			2	74.00	20% & 10	53.00
A. Bender, Port Chester, N. Y.	3			240.00	20% & 10	192.00
Durham Supply Co., Poughkeepsie, N. Y.		4		280.00	20% & 10	171.00
Geo. Van Billard, Annandale, N. J.		2		140.00	20% & 10	98.00
Geo. Van Billard, Annandale, N. J.		1		70.00	20% & 10	47.00
H. F. Billheimer, Nazareth, Pa. (D)			2	30.00	20% & 10	21.00
Lynch Machinery Co., Jersey Shore, Pa.	3			250.00	20% & 10	150.00
Hoffner & Lockenbill, Friedensburg, Pa.			2	72.00	20% & 10	52.80
Lewis F. Muner, Monaca, Pa.	1			80.00	20% & 10	54.00
Lewis F. Muner, Monaca, Pa.			1	47.00	20% & 10	37.00
Samuel Rarg, Catawissa, Pa.		2		220.00	20% & 10	158.00
W. E. O'Brien, New Yorkland, Pa.	1			178.00	20% & 10	150.00
I. O. Rosenberger, Silverdale, Pa.	1			75.00	20% & 10	60.00
W. T. Kendrew & Son, Monaca, Pa.	2			180.00	20% & 10	144.00
H. J. Johnson, Corby Run, Pa.			1	47.00	20% & 10	37.00
Direct to farmers	21					1,270.00
Direct to farmers		3				402.00
Direct to farmers			2			202.00
	22	22	12			2,402.00

Petitioner's Exhibit (S) 104

1923

Dealers	Mowers	Tubbers	Rakes	List price	Discount	
W. T. Kendrew & Son, Monaca, Pa.	2			\$180.00	20%	\$144.00
A. Bender, Port Chester, N. Y.	1			74.00	20%	59.20
A. Bender, Port Chester, N. Y.			1	24.00	20%	19.20
Direct to farmers	6					481.00
Direct to farmers		2				150.00
Direct to farmers			4			137.00
	8	2	5			602.75

975

Petitioner's Exhibit (S) 105

YEAR 1922—FINANCIAL STATEMENT

ASSETS

Property & equipment:

1A—Land	\$6,000.00
1B—Buildings & structures	39,400.00
1C—Machinery & fixtures	31,387.50
1D—Dies, patterns, tools, etc.	6,050.00
1E—Hauling equipment	4,500.00
1F—Office furniture & fixtures	888.00
2 outside investments—	
Deposit	500.00
Penna. Mfg. Casualty Ins. Co.	300.00

Inventory:

3A—Materials & supplies	19,064.27
3B—Work in progress	20,095.76
3C—Finished stock	20,888.83
3D—Stationary & advertising matter	450.00

Assets:

4A—Cash on hand and on deposit	2,894.79
4B—Notes receivable	39,844.57
4C—Accounts receivable	40,512.63
	<u>\$233,427.40</u>

LIABILITIES

Capital stock (common)	\$100,000.00
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Liabilities:

5A—Bonds payable	4,700.00
6A—Notes payable	71,107.17
7B—Accounts payable	24,862.98
Depreciation	26,855.26
Surplus	5,901.99
	<u>\$233,427.40</u>

976

*Petitioner's Exhibit (S) 106*CARLOAD FREIGHT RATES ON FINISHED STEEL, IN CENTS PER 100 LBS., FROM
PITTSBURGH TO CHICAGO

From—	To incl. —	Rate	Tariff authority
1-1-1900	5-01-1907	14.0	P. Co. O.F.O.M.
6-1-1907	10-25-1914	13	" " F.M.
10-26-1914	9-19-1917	13.5	" " F.M.
9-20-1917	9-24-1919	21.5	" " "
9-25-1919	9-25-1920	27	W. T. Kelly, genl. agt.
9-26-1920	9-30-1922	30	" " "
1-1-1922		34	" " "

COPY OF SALES CONTRACT OF WISCONSIN STEEL CO.

978 (Printing) Form P313. 2M-1-4-19

WISCONSIN STEEL COMPANY

(Typewriting) CT

(Printing) Sales contract in triplicate, Chicago, Ill., (Typewriting) December 18, (printing) 191 (Typewriting) 9.

(Printing) Wisconsin Steel Company, a corporation, Chicago, Illinois, agrees to sell and (typewriting) Richards-Wilcox Manufacturing Company, Aurora, Illinois, (printing) agrees to buy, not to exceed (typewriting) as stated below (printing) net tons nor less than (typewriting) as stated below (printing) net tons of (typewriting) Bessemer steel bars, angles, channels, bands, & cold-drawn steel (printing) of standard merchantable grade, within the capacity of the seller, with the customary allowance for variation in weight, sizes, and length. This contract expires (typewriting) July 1, 1920. (Typewriting) Effective Jan. 1, 1920 to July 1, 1920. Six hundred (600) tons Bessemer steel bars, angles, channels, & bands. 20 carbon and under:

Price: Bars, small angles, & channels	\$2.65 cwt. base plus extras:
Structural angles 3" to 5" on one or both legs 1/4" thick	
(Printing) & over	2.75 cwt. base plus extras
(Typewriting) Bands	3.35 " " " "

All f. o. b. Aurora, Ill., in carload lots.

(Typewriting) For Bessemer steel bars, angles, channels, and bands 21 to 50 carbon \$1.00 per ton to be added to above prices; over 50 carbon \$3.00 per ton to be added to above prices.

Terms: Net cash 30 days or 1/2 of 1% discount if paid within 10 days from date of invoice.

One hundred fifty (150) tons cold-drawn steel 5/16" to 2-7/16" round:

Price: \$3.90 cwt. base plus extras as per card adopted Aug. 18, 1919, f. o. b. Aurora, Ill., in carload lots.

For any material ordered as turned shafting an extra of 25¢ per cwt. will be added to above price.

For 30 to 40 carbon 25¢ per cwt. extra.

Terms: Net cash 30 days.

It is to be understood that the prices written in this contract are based on the present rate or freight from Pittsburgh to destination; and in the event of an increase in, or decrease from, said present published tariff, the prices herein written will be correspondingly changed.

(Printing) Above base prices subject to seller's classification of extras issued (typewriting) May 22nd 1919. June, 1919.

(Printing) (Printing) In carload lots f. o. b. cars (typewriting) Aurora, Illinois, (printing) subject to war tax on freight.

Terms of payment: Net cash thirty days from date of shipment, or one-half of one per cent discount if paid within ten days from date of invoice. Payable in New York or Chicago exchange. Buyer is to pay freight and war tax on same, and seller will credit buyer with freight computed at regular tariff rates.

979 (Printing) Specifications: Specifications in detail shall be given by buyer in about equal monthly quantities, and in ample time to permit seller to make and ship the material; but all material to which buyer is entitled under this contract must be specified for thirty days prior to the expiration of this contract.

Guaranty: The seller agrees to replace material found defective for the purpose for which it was sold, when in the hands of the buyer, but will not allow or pay any claims for labor or damage resulting from such material.

Claims: All claims in reference to quantity and quality must be made promptly after receipt of material.

All claims based on errors in the computation of freight must be supported by presentation of paid expense bills.

Exceptions: The seller shall not be held responsible for delays in deliveries caused by strikes, differences with workmen, or other contingencies beyond its control.

Remarks: No change shall be made in this contract unless reduced to writing and signed by both parties.

It is understood and agreed that this contract is not binding upon the seller until same is endorsed and "approved" hereon by the president of the Wisconsin Steel Company.

Accepted:

RICHARDS-WILCOX MFG. CO.,

Per W. Y. HEAT—

Accepted:

WISCONSIN STEEL COMPANY,

By C. F. BURGERT,

Sales Manager.

Approved:

H. F. PERKINS,

President, Wisconsin Steel Company.

Federal Trade Commission vs. U. S. Steel. Docket No. 760. Exhibit No. 1571. Commissions. ———. Date 4-11-22. Witness, W. H. Fitch ———. D. H. Holms.

(On back of petitioner's Exhibit (S) 107): Certified Feb. 1, 1924, as photostatic original document from files of Docket 760, Federal Trade Commission. By Otis B. Johnson, secretary.

980-981

*Petitioner's Exhibit (S) 108*1922 REPORT TO STOCKHOLDERS OF INTERNATIONAL HARVESTER COMPANY
TO THE STOCKHOLDERS

The board of directors submits the following report of the business and financial condition of the International Harvester Company and affiliated companies for the fiscal year ending December 31, 1922:

INCOME ACCOUNT FOR 1922

Income before deducting interest on loans, depreciation, and provision for losses on receivables.....		\$11,417,484.17
Deduct:		
Interest on loans.....	\$916,812.39	
Ore and timber depletion.....	330,021.27	
Plant depreciation.....	3,455,601.76	
Special maintenance.....	183,773.20	
Provision for losses on receivables.....	990,507.62	
		<u>5,876,716.24</u>
Net profit of International Harvester Company and affiliated companies.....		<u>\$5,540,767.93</u>

SURPLUS DECEMBER 31, 1922

Balance at December 31, 1921.....		\$59,520,787.52
Add: Net profits for 1922.....		<u>5,540,767.93</u>
		\$65,067,555.45
Deduct:		
Cash dividends—		
Preferred stock, \$7 per share.....	\$4,215,673.00	
Common stock, \$5 per share.....	4,847,920.00	
		<u>\$9,063,593.00</u>
Stock dividends—2% semiannually.....		<u>3,802,200.00</u>
		<u>12,865,893.00</u>
Surplus of International Harvester Company and affiliated companies.....		<u>\$52,201,672.45</u>

982 INTERNATIONAL HARVESTER COMPANY AND AFFILIATED COMPANIES
COMBINED BALANCE SHEET, DECEMBER 31, 1922

ASSETS

Property:

Real estate, plant property, mines, timber lands, etc.....	\$117, 275, 835. 41
Deduct: Reserve for plant deprecia- tion.....	32, 106, 018. 13

\$85, 169, 817. 28

Deferred charges..... 376, 008. 92

Pension fund securities..... 4, 410, 373. 76

Current assets:

Inventories: Raw material, work in process, finished products, etc.....	\$87, 810, 483. 98
--	--------------------

Reservables:

Dealers' and farmers' notes.....	\$48, 791, 151. 43
Accounts receivable.....	21, 738, 892. 02

\$70, 530, 043. 45

Deduct: Reserves for losses.....	4, 721, 720. 06
-------------------------------------	-----------------

65, 808, 322. 79

Cash..... 10, 892, 986. 54

\$164, 511, 793. 31

\$254, 468, 593. 27

983 LIABILITIES

	Authorized	Issued	
Capital stock:			
Preferred.....	\$100, 000, 000	\$90, 223, 900	
Common.....	\$130, 000, 000	97, 918, 404	
			\$158, 142, 304. 00

Current liabilities:

Bills payable: Foreign trade accept- ances.....	\$5, 635, 000. 00
--	-------------------

Accounts payable: Cur- rent invoices, pay- rolls, taxes, etc.....	\$12, 876, 923. 92
---	--------------------

Preferred stock dividend..... 1, 053, 918. 25

Common stock dividend..... 1, 223, 980. 00

15, 154, 822. 17

20, 789, 822. 17

Reserves (appropriated surplus):

Special maintenance.....	\$2, 624, 308. 07
Collection expenses.....	2, 000, 000. 00
Fire insurance fund.....	7, 747, 873. 50
Pension fund.....	6, 702, 613. 08
Industrial accident fund.....	950, 000. 00
Contingent.....	3, 250, 000. 00

23, 334, 794. 65

Surplus..... 52, 201, 672. 45

\$254, 468, 593. 27

PRICES OF STEEL BARS AND SHAPES 1919-1923

STATEMENT SHOWING (1) PRICE OF PURCHASES FROM OTHER STEEL COMPANIES BY THE INTERNATIONAL HARVESTER COMPANY; (2) PRICES PAID FOR SHIPMENTS FROM THE WISCONSIN STEEL WORKS TO THE INTERNATIONAL HARVESTER WORKS; (3) SALE PRICE OF STEEL BARS FROM THE WISCONSIN STEEL WORKS TO OTHER CUSTOMERS, ALL OF WHICH APPEARING FROM EXHIBIT —; (4) SALE PRICE PER NET TON OF 2,000 LBS. (CHICAGO BASE) OF THE ILLINOIS STEEL COMPANY AS SHOWN BY RESPONDENT'S EXHIBIT 167, CASE OF FEDERAL TRADE COMMISSION VS. U. S. STEEL CORPORATION.

	Purchases from other steel com. by Int. H. Co.	Shipments from Wisconsin Steel Works to Int. H. Co.	Sales from Wisconsin Steel Works to other customers	Sale price Illinois steel (Chicago base) net ton, 2,000 lbs.
Period	1	2	3	4
1919				
1st quarter		\$38.40	\$38.14	\$38.40
2nd "	\$32.40	\$2.40	\$2.29	\$2.40
3rd "	\$2.40	\$2.40	\$1.04	\$2.40
4th "			\$1.71	\$2.40
1920				
1st quarter	\$2.40	\$2.40	\$2.90	\$2.40
2nd "			\$6.14	\$2.40
3rd "	\$4.00	\$4.00	\$1.80	\$4.00
4th "			\$2.90	\$4.00
1921				
1st quarter	\$4.00	\$4.00	\$4.42	\$4.00
2nd "	\$9.90	\$9.00	\$9.90	\$9.00
3rd "	\$2.00	\$2.00	\$9.45	\$2.00
4th "	\$2.00	\$2.00	\$1.56	\$2.00
1922				
1st quarter	\$0.00	\$0.00	\$5.67	\$0.00
2nd "	\$0.00	\$0.00	\$1.10	\$0.00
3rd "	\$1.00	\$1.00	\$3.41	\$1.00
4th "			\$0.50	\$0.00
1923				
1st quarter	\$0.00	\$0.00	\$1.30	\$0.00
2nd "			\$1.17	
3rd "	\$0.00	\$0.00	\$0.09	
4th "			\$1.80	

986

Petitioner's Exhibit (S) 110

ILLINOIS STEEL.—PRICE OF STEEL BARS, PITTSBURGH AND CHICAGO, 1919-1923,
NET TON OF 2,000 LBS.

STATEMENT SHOWING (1) PRICE OF STEEL BARS PER NET TON OF 2,000 LBS. AT PITTSBURGH, AND (2) PRICE OF STEEL BARS PER NET TON OF 2,000 LBS. AT CHICAGO, BY THE ILLINOIS STEEL COMPANY AS APPEARS FROM RESPONDENT'S EXHIBIT 167, DOCKET 700, FEDERAL TRADE COMMISSION VS. U. S. STEEL; (3) DIFFERENCE BETWEEN THE PRICE PER NET TON OF 2,000 LBS. AT PITTSBURGH AND CHICAGO (+ OR -); AND (4) FREIGHT PER NET TON OF 2,000 LBS. FROM PITTSBURGH TO CHICAGO AS COMPUTED BY THE GOVERNMENT FROM EXHIBIT P. S. 106, RECORD PAGE 631

Date	Price of steel bars at Pittsburgh, net ton of 2,000 lbs.	Price of steel bars at Chicago, net ton of 2,000 lbs.	Difference between Pittsburgh and Chicago (+ or -)	Freight per net ton of 2,000 lbs., Ex. P. S. 106
	1	2	3	4
1919, January 1	\$54.00	\$50.40	+3.60	\$5.40
1919, March 21	47.00	52.40	+5.40	5.40
1920, August 26	47.00	54.60	+7.60	7.60
1921, April 12	42.00	49.60	+7.60	7.60
1921, July 6	38.00	45.60	+7.60	7.60
1921, July 26	35.00	47.60	+7.60	7.60
1921, September 26	33.00	40.60	+7.60	7.60
1921, November 1	33.00	40.60	+7.60	7.60
1921, November 15	30.00	37.60	+7.60	7.60
1922, January 6	Not given	32.00		7.60
1922, February 1	\$26.30	\$30.32	+4.02	7.60
1922, March 1	26.30	30.32	+4.02	7.60
1922, April 1	30.00	32.00	+2.00	7.60
1922, June 1	32.00	35.00	+3.00	7.60
1922, July 1	32.00	35.00	+3.00	7.60
1922, August 1	34.00	35.00	+1.00	7.60
1922, August 2	36.00	38.00	+2.00	7.60
1922, August 24	37.00	39.00	+2.00	6.80
1922, September 13	38.00	40.00	+2.00	6.80
1922, October 13	Not given	40.00		6.80
1923, January 4	Not given	42.00		6.80
1923, January 13	Not given	42.00		6.80

987

Petitioner's Exhibit (S) 111

[Copy]

WISCONSIN STEEL COMPANY.—TYPICAL RECORDS OF INTERNATIONAL HARVESTER COMPANY, SHOWING BASIS FOR BILLING STEEL PRODUCTS OF THE WISCONSIN STEEL WORKS TO THE INTERNATIONAL HARVESTER MANUFACTURING PLANTS

JANUARY 6, 1922.

Mr. W. H. Dye, accounting.

Invoicing I. H. Co.'s works.

For the month of January and until further advised, please invoice the International Harvester Company's works on the following basis:

Bars—\$1.50 per cwt. base, f. o. b. Chicago in carload lots, plus regular extras.

This price, of course, will make a delivery price to the Chicago works.

Structurals and plates—\$1.60 per cwt. base, f. o. b. Chicago in carload lots.

Hoops and bands—\$2.00 per cwt. base, f. o. b. Chicago in carload lots.

Old rail angles and shapes—\$1.60 per cwt. base, f. o. b. Chicago in carload lots.

Shafting—\$1.90 per cwt. base, Pittsburgh, in carload lots, plus regular extras and freight to destination.

Auburn Works' tonnage will have to be invoiced on the basis of—\$1.50 per cwt. base, Pittsburgh, in carload lots, plus extras and freight to destination.

The foregoing represent prices which they have been quoted by the "Corporation," and which will be followed in our invoicing.

It will also be understood that carbon extras and extras on special shapes and the differential on special commodity over bars as shown in prior schedules are to be followed in pricing of the shapes under above price list.

(Signed) C. F. BIGGERT.

988

(Copy)

WISCONSIN STEEL COMPANY

APRIL 20, 1924.

Mr. W. H. Dye, accounting.

Invoicing Harvester Works—4/10 and after.

Please be advised that all tonnage received from the Harvester Works on and after April 10, 1922, is to be invoiced on the following bases:

Bars, plates & shapes	\$1.50 per cwt. base Chicago
Bands	1.85 " " " "
Strip	2.00 " " " "

The above-mentioned prices are all f.o.b. Chicago, plus regular extras.

Old rail steel..... \$1.60 per cwt. f.o.b. mill.

To facilitate and simplify matters, we indicate below the first pro number covering the order received from each of the works on or after April 10th, viz:

Works	Date	Pro number
Deering	April 1923	6662
McCormick	April 1923	7992
Harmon	April 1923	6662
McWorster	April 1923	6662
P. & O. Plow	April 1923	6662
Rock Falls	April 1923	6662
Springfield	April 1923	6662
Tractor	April 1923	6662
West Pullman	April 1923	6662

(Signed) C. F. BIGGERT.

{Copy}

WISCONSIN STEEL COMPANY

MAY 5, 1922.

Mr. W. H. Dye, accounting.

Invoicing materials, I. H. Co.'s works.

The purchasing department has rescinded the prices submitted to us in their memorandum of April 13th, and now advise that they will not receive any material on contracts with outside concerns at the prices mentioned in that memorandum. Therefore, the prices submitted to you in our memorandum of April 20th, to be used when invoicing material to the Harvester Works, are herewith withdrawn, and in place thereof we are substituting the following prices which are to be used when invoicing material to the International Harvester Company's works:

Bars and plow beams—\$1.40 cwt. base, f. o. b. Chicago in carload lots, plus regular extras.

Structurals and plates—\$1.50 cwt. base, f. o. b. Chicago in carload lots.

Hoops and bands $\frac{5}{16}$ " and lighter, not over 6" wide—\$1.75 cwt. base, f. o. b. Chicago in carload lots.

Strip steel $\frac{5}{16}$ " and lighter, wider than 6"—\$2.00 cwt. base, f. o. b. Chicago in carload lots.

Old rail angles and shapes—\$1.50 per cwt. base, f. o. b. Chicago in carload lots.

Z bars—\$1.50 per cwt. base, f. o. b. Chicago in carload lots, plus carbon extras.

Shafting—\$1.90 cwt. base, f. o. b. Pittsburgh in carload lots, plus regular extras and freight to destination.

The foregoing prices are applicable until July 1, 1922.

(Signed) C. F. BIGNERT.

1914 TO 1918

Year	Hot-rolled bars and shapes			Rail steel bars and shapes		Cold-drawn rounds	
	Purchases from other steel companies	Shipments from Wisconsin Steel Wks. to I. H. C. works	Sales from Wisconsin Steel Wks. to other customers	Shipments Wisconsin Steel Wks. to I. H. C. works	Sales from Wisconsin Steel Wks. to other customers	Shipments Wisconsin Steel Wks. to I. H. C. works	Sales from Wisconsin Steel Wks. to other customers
1914							
1st Q.	\$27.60	\$27.10	\$26.05	\$25.50	\$24.30	\$24.00	\$23.74
2nd Q.			25.15		21.10		22.31
3rd Q.	25.60	25.60	25.21	25.00	23.17	22.00	22.41
4th Q.	25.78	25.78	25.97		21.74		22.00
1915							
1st Q.	25.78	25.78	25.49	25.00	23.00	22.00	21.24
2nd Q.			26.15		22.94		23.56
3rd Q.	26.78	26.78	26.68	25.00	22.30	22.78	23.31
4th Q.			25.32		20.60	22.28	22.34
1916							
1st Q.		33.78	40.64	30.00	35.70	43.78	50.46
2nd Q.			45.64		45.92		51.49
3rd Q.		41.78	51.40	40.00	49.26	75.79	80.02
4th Q.	51.78		55.40		51.51		55.06
1917							
1st Q.	51.78	51.78	62.90	55.00	60.26	78.79	86.90
2nd Q.			72.00		69.44		85.47
3rd Q.	61.78	61.78	75.26	75.00		85.78	89.78
4th Q.	62.30	62.30	62.98				95.04
1918							
1st Q.	58.00	58.00	58.02	60.00	57.60	57.30	54.94
2nd Q.			59.15		56.25		57.52
3rd Q.	62.40	62.40	62.06	60.00		59.40	56.20
4th Q.			60.25			59.40	59.04

993 *Statements re petitioner's Exhibits (S) 113 to 119, inclusive*

P. Ex. (S) 113.—Identified by witness Reay.

P. Ex. (S) 114.—Identified by witness Reay.

P. Ex. (S) 115.—Identified by witness Reay.

P. Ex. (S) 116.—Identified by witness Legge.

P. Ex. (S) 117.—Identified by witness Legge.

P. Ex. (S) 118.—Identified by witness Reay.

994 P. Ex. (S) 119.—Identified by witness Reay.

Petitioner's Exhibit (S) 120

INTERNATIONAL HARVESTER COMPANY.—STATEMENT OF NET PROFIT ON SALES TO OTHER CUSTOMERS OF IRON ORE, PIG IRON, STEEL BILLETS, AND FINISHED STEEL PRODUCTS, COAL AND COKE, BY-PRODUCTS, LUMBER, DURING YEARS 1916, 1918, 1920, 1922.

	Profit before deducting interest and Federal taxes (per Exhibit E p. 8, 70 & 71)	Deduct		Net profit
		Interest	Federal taxes	
Iron ore, pig iron, steel billets, and finished steel products:				
1916	\$3,530,158.82	\$114,445.44	\$68,554.27	\$3,347,159.11
1918	3,298,283.52	61,532.40	2,387,497.58	2,499,253.64
1920	2,780,186.07	28,057.07	457,580.55	2,394,548.45
1922	40,195.00	38,544.00	(No tax)	151,710.00
Coal and coke:				
1916	40,570.15	2,002.19	765.70	37,802.26
1918	392,813.94	1,430.49	51,726.41	340,657.04
1920	20,578.81	118.47	5,950.27	14,509.07
1922	45,430.10	0,940.00	(No tax)	44,490.10
By-products:				
1916	380,111.00	3,255.34	90,090.00	286,765.66
1918	805,403.00	9,406.10	(No tax)	796,000.00
Lumber:				
1916	10,405.01	4,023.00	130.15	6,251.86
1918	40,373.75	2,736.00	10,517.40	27,120.35
1920	440,992.11	1,200.00	45,308.10	394,484.01
1922	20,234.77	2,300.00	(No tax)	17,934.77

NOTE.—In arriving at the above amount of interest the "interest on loans" per annual reports 1916, 1918, 1920, 1922, has been apportioned in the ratio that the cost of production of the above products bears to the total cost of production of all the company's products.

In arriving at the above amount of Federal taxes, the amount of such taxes actually paid for the years 1916, 1918, 1920, 1922, has been apportioned on the basis of taxable profits earned and invested capital employed.

Petitioner's Exhibit (S) 121

INTERNATIONAL HARVESTER COMPANY.—RECONCILIATION OF INTEREST PAID ON LOANS PER ANNUAL REPORTS WITH INTEREST PAID ON INDEBTEDNESS PER DEFENDANT'S EXHIBIT (S) 24, YEARS 1913 TO 1916

	1913	1914	1915	1916	1917	1918
Interest on loans (A) per annual report	\$2,802,178	\$2,632,480	\$1,947,564	\$1,491,079	\$972,921	\$892,454
Other interest paid (B):						
On pension fund	105,491	107,250	104,954	105,407	114,980	127,107
On fire-insurance fund	87,895	87,707	120,878	158,173	182,176	229,440
On employee savings accounts, etc.	35,409	37,023	34,880	41,247	79,602	145,152
On trade credit balances	142,100	152,276	130,605	48,408	30,120	20,161
On intercompany balances	127,612	620,267	194,474	118,509	60,000	
Interest on gold notes issued		100,000	10,000			
Provision on gold notes retired			10,289	210,190	5,467	
Interest paid on indebtedness per Exhibit (S) 24	3,100,815	3,702,608	2,716,621	1,987,190	1,471,972	1,402,542

NOTE.—

A. The item "Interest on loans" shown separately in the income account in the annual report, includes interest paid on annual borrowings from banks, interest paid on gold notes, and interest paid on purchase money obligations.

B. Other interest paid is not shown separately in the income account in the annual report, but is deducted before determining the item "Income from operations."

All interest items were audited by the Federal Trade Commission in their report of May 4, 1920.

997

Petitioner's Exhibit (S) 122

FEDERAL INCOME TAXES, YEARS 1913 TO 1918

	Provision for Federal in- come taxes	Cash paid for Federal in- come taxes
1913	\$197,348.00	\$238,295.67
1914	115,000.00	150,547.40
1915	146,200.00	183,161.95
1916	728,919.00	600,532.08
1917	7,065,124.00	4,342,030.44
1918	12,961,325.00	8,560,511.25

998

Petitioner's Exhibit (S) 123

ANALYSIS OF INTEREST ON LOANS PER ANNUAL REPORTS, YEARS 1913 TO 1918

	1913	1914	1915	1916	1917	1918
Interest on domestic loans	\$1,495,967	\$1,871,420	\$686,574	\$550,000	\$625,572	\$850,063
Interest on foreign loans	439,075	535,084	2,940			
Interest on gold notes	1,000,000	1,000,750	1,245,859	933,954	340,174	14,426
Interest on purchase money obligations	58,134	13,225	12,175	11,125	10,075	9,025
	\$3,993,176	\$3,420,479	\$1,947,548	\$1,495,079	\$975,821	\$882,454

999

Petitioner's Exhibit (S) 124

DESCRIPTION OF EXHIBIT—EMERSON BRANTINGHAM IMPLEMENT COMPANY, NUMBER AND LOCATION OSBORNE DEALERS, NUMBER AND LOCATION STANDARD MOWER AND RAKE DEALERS, 1920 TO 1923, INCLUSIVE

1000

EMERSON BRANTINGHAM COMPANY

Established 1852

ROCKFORD, ILLINOIS, U. S. A.,

March 19th, 1924.

C. F. Sanders, secretary & treasurer.

Mr. A. A. FARRINGTON,

402, 10 Arcade Bldg., Chicago, Ill.

DEAR SIR: Referring further to your letter of February 23rd, requesting a list showing complete number of dealers handling all E-B lines of harvesting machinery, would say that we are attaching hereto a list showing the number of dealers handling the Emerson Standard mowers and rakes, which must be considered as being in addition to the list previously sent you of dealers handling the E-B Osborne machines. Our sales department advise us that there are very few, if any, dealers who handle both the Emerson Standard mowers and rakes and also the E-B Osborne harvesting machinery.

We trust that this list will serve your purpose, and remain,

Yours truly,

C. F. SANDERS, Sec'y & Treas.

E

Enc.

1901

NUMBER OF OSBORNE DEALERS BY STATES, BY YEARS

[Compiled January 31, 1904]

State	1900	1901	1902	1903
Alabama	0	2	4	5
Arizona	3	1	1	3
Arkansas	30	15	15	7
Colorado	33	33	21	21
Connecticut	5	6	5	6
Delaware	6	2	4	1
Florida		1		1
Georgia	17	4	4	3
Illinois	39	72	105	113
Indiana	171	32	35	19
Iowa	21	11	19	32
Kansas	30	55	47	42
Kentucky	21	5	4	10
Maine	1		1	1
Maryland	31	33	35	30
Massachusetts	4	3	4	1
Michigan	90	43	50	15
Minnesota	65	44	37	30
Mississippi	19	3	5	3
Missouri	113	40	69	70
Montana	33	4	1	1
Nebraska	42	39	50	30
New Jersey	30	40	30	50
New Mexico	9	5	6	5
New York	179	100	140	200
North Carolina	26	43	51	50
North Dakota	34	16	14	7
New Hampshire	1	1		1
Ohio	175	161	115	134
Oklahoma	47	52	21	30
Pennsylvania	135	165	110	90
Rhode Island	20	20	22	30
South Carolina	47	10	20	21
South Dakota	40	12	27	30
Tennessee	50	32	30	71
Texas	1	1	1	1
Utah	3	2	7	1
Vermont	40	75	30	20
Virginia	5	13	5	1
West Virginia	21	105	90	30
Wisconsin	5	6	7	5
Wyoming				
Total	1,307	1,300	1,201	1,340

1902 STATEMENT OF STANDARD MOWER AND HAY DEALERS BY STATES, BY YEARS

[Compiled March 17, 1904]

State	1900	1901	1902	1903
Alabama	4		5	1
Arizona	7	1		
Arkansas	20	5	9	9
Colorado	30	27	20	10
Delaware	4	4	7	1
Florida		1		
Georgia	6	4		1
Illinois	70	57	140	13
Indiana	115	40	14	20
Iowa	230	130	100	100
Kansas	30	30	64	90
Kentucky	3			
Louisiana	13	2	7	1
Maryland	30	31	30	30
Massachusetts			1	1
Michigan	60	26	15	19
Minnesota	127	30	45	41
Mississippi	14	3	2	1
Missouri	14	0	6	1
Montana	114	40	70	90
Nebraska	100	45	74	90
New Hampshire			1	1
New Jersey	23	21	18	15
New Mexico	0	9	4	3
North Dakota	30	15	16	1
North Carolina	11	30	31	27

1902 STATEMENT OF STANDARD MOWER AND RAKE DEALERS BY STATES, BY YEARS--Continued

State	1920	1921	1922	1923
New York	79	75	86	83
Ohio	80	61	43	42
Oklahoma	92	40	35	57
Pennsylvania	67	50	86	106
South Dakota	94	17	27	19
South Carolina	32	38	11	15
Texas	236	33	101	114
Tennessee	25	4	18	20
Virginia	17	25	25	22
West Virginia	4	6	4	3
Wisconsin	61	42	35	33
Wyoming	12	11	2	3
Total	1,963	1,145	1,250	1,347

1903 *Petitioner's Exhibit (8) 125*

DESCRIPTION OF EXHIBIT--B. F. AVERY & SONS, NUMBER AND LOCATION OF RETAIL DEALERS WHO HAVE BOUGHT CHAMPION MACHINES, 1919 TO 1923, INCLUSIVE

1964 [Letterhead of B. F. Avery & Sons]

B. F. AVERY & SONS

Manufacturers of Tillage Implements and Harvesting Machinery

12-M STATION E, LOUISVILLE, KY., U. S. A., Jan. 28-24.

Mr. A. A. FARRINGTON,
Special Examiner, Duluth, Minn.

DEAR SIR: Yours of January 26th. We have made up a list of names of dealers to whom we have sold Champion machines in some of our regular territories, but we have found it rather a difficult matter to obtain a list in the way that you want it for Omaha and Minneapolis territories, which branches were closed early last fall and which records are not available. We, however, will get up a list from these territories but cannot divide it as you suggest.

This list will not be ready by the 4th, but we will endeavor to get it to you in Chicago during the week of the 4th.

With regard to the second paragraph of your letter. It is the writer's recollection that when he presented copy of the original contract it was turned back to us, you stating that it was identical with the one presented by the Harvester Company and that it would not be necessary for you to have another copy. However, we are ready and willing to furnish you with a copy if you want it. Please advise.

Yours very truly,

B. F. AVERY & SONS,
H. L. TAYLOR,
Vice President.

1005

CHICAGO, Ill., Feb. 23, '24.

Mr. H. L. TAYLOR,

Vice President, B. F. Avery & Sons,

Louisville, Kentucky.

DEAR SIR: YOUR courteous favor of January 28th was received in due time. In it you referred to the second paragraph of my previous letter.

Will you please refer to the first paragraph of your letter of January 28th. And will you please send to me, at 402 Arcade Bldg., 616 South Michigan Ave., Chicago, this matter, showing the totals in the best way that you can provide them. This at request of Government's counsel.

Obliging,

Very truly yours,

A. A. FARRINGTON,

Special Examiner.

1006

[Letterhead of B. F. Avery & Sons]

B. F. AVERY & SONS

Manufacturers of Tillage Implements and Harvesting Machinery

12-M

STATION E, LOUISVILLE, KY., U. S. A., Feb. 7-24.

Mr. A. A. FARRINGTON,

Special Examiner, 402-410 Arcade Bldg.,

616 South Michigan Ave., Chicago, Ill.

DEAR SIR: Below we give you number of dealers purchasing Champion machinery from B. F. Avery & Sons, Inc., Louisville, Kentucky, for the years below noted:

	1919	1920	1921	1922	1923
Kentucky	105	87	52	100	117
Tennessee	43	47	65	94	78
Alabama	37	61	99	25	38
Florida	1	5	1	18	9
North Carolina	29	46	13	9	17
South Carolina	45	50	4	15	15
Virginia	4	33	13	12	26
West Virginia	4	13	4	10	4
Indiana	5	3	3		1
Mississippi	11	20	23	50	10
Louisiana					10
Ohio		1	20	13	3
Arkansas		15	27	80	3
Oklahoma	156	58	54	59	60
Illinois	90	88	83	90	87
Minnesota	73	61	67	79	87
Colorado		4	7	11	25
Wyoming	10	37	21	26	16
Michigan	30	10	40	50	74
South Dakota	1	19	4	10	14
North Dakota	1	13	4	4	1
Nebraska		20	19	20	10
Illinois	1	10	20	1	4
Iowa			10	13	17
Arkansas	9	19	20	20	41

1007 The following States are handled by jobbers, so we are unable to say how many dealers bought Champion machines:

Arizona.	California.
Utah.	Wyoming.
Oregon.	Montana.
Delaware.	Pennsylvania.
Maryland.	New Jersey.
New York.	Vermont.
Maine.	New Hampshire.
Connecticut.	Rhode Island.
Massachusetts.	Washington.

The above information is approximately correct and we trust will answer your purpose.

Yours very truly,

B. F. AVERY & SONS,
H. L. TAYLOR,
Vice President.

1008

[Letterhead of B. F. Avery & Sons]

B. F. AVERY & SONS

Manufacturers of Tillage Implements and Harvesting Machinery

12-M STATION E, LOUISVILLE, KY., U. S. A., Feb. 25-24.

Mr. A. A. FARRINGTON,

*Special Examiner, 402 Arcade Bldg.,
616 So. Michigan Ave., Chicago, Ill.*

DEAR SIR: Yours February 23rd.

Replying to second paragraph. We sent you list under date of February 7th, which covers sale to dealers of Champion machinery and to all domestic trade except for Texas.

We did not have that information before us at time letter was written and it has just been received this morning and is as follows:

Dealers in Texas to whom we sold Champion machines

1919	1920	1921	1922	1923
171	174	180	158	168

We hope this is what you want, but if there is any further information you would like to have, please advise and we will do our very best to get it to you as promptly as possible.

Yours very truly,

B. F. AVERY & SONS,
H. L. TAYLOR,
Vice president.

LETTERHEAD OF A. F. AVERY & SONS

B. F. AVERY & SONS Manufacturers of Tillage Implements and Har-
vesting Machinery

STATION E, LOUISVILLE, KY., U. S. A., *March 25-24.*

12—M

Mr. A. A. FARRINGTON,

Special Examiner, Room 402,

616 South Michigan Ave., Chicago, Ill.

Dear Sir: Yours March 24th.

Please add the two figures for Arkansas together and you will have the correct amount. The cause for the separation is due entirely to the fact that we have two branch houses selling in the State of Arkansas and naturally their sales were divided.

Yours very truly,

B. F. AVERY & SONS,

H. L. TAYLOR,

Vice President.

1010

Petitioner's Exhibit (S) 126

DESCRIPTION OF EXHIBITS—MOLINE PLOW COMPANY, INC., DISCOUNTS AND
TERMS ON HARVESTING MACHINES, 1919 TO 1923, INCLUSIVE, PUR-
CHASES FROM INTERNATIONAL HARVESTER COMPANY AND WISCONSIN
STEEL COMPANY

1011

MOLINE PLOW COMPANY, INC.

Established 1865

FARM IMPLEMENTS, TRACTORS, AND AUTOMOBILES

MOLINE, ILLINOIS, *January 28, 1924.*

Mr. A. A. FARRINGTON,

402-410 Arcade Building,

616 So. Michigan Ave., Chicago, Illinois.

DEAR SIR: Your letter of the 26th, addressed to Mr. Peek, has been referred to the writer for reply.

As requested, we are enclosing the following exhibits:

Harvesting machinery discounts and terms Jan. 1, 1919, prices—
Exhibit VII.

Harvesting machinery discounts and terms Dec. 8, 1919, prices—
Exhibit VIII.

Harvesting machinery discounts and terms Aug. 1, 1920, prices—
Exhibit IX.

Harvesting machinery discounts and terms Dec. 15, 1920, prices—
Exhibit X.

Harvesting machinery discounts and terms Oct. 17, 1921, prices—
Exhibit XI.

Discounts applying to prices issued Nov. 10, 1922—Exhibit XII.

Discounts applying to prices issued Nov. 10, 1922, effective Dec. 18, 1922—Exhibit XIII.

Discounts applying to prices issued March 26, 1923—Exhibit XIV.

Discounts applying to prices issued June 1, 1923—Exhibit XV.

Purchases made by Moline Plow Company from International Harvester Company & Wisconsin Steel Co.—Exhibit XVI.

These exhibits supplement the report presented by Mr. Peek at the International Harvester Company hearing in Chicago on January 7th.

We trust this is the information you require. If it is not, kindly advise us by early mail and we will give you any additional information you might require.

Yours truly,

MOLINE PLOW COMPANY, INC.,
By O. M. CANTER,
Comptroller.

mb

1012 EXHIBIT VII.—HARVESTING MACHINERY DISCOUNTS AND TERMS APPLYING TO JANUARY 1, 1919, PRICES.—PRICE LIST #178

TERMS

	Net December 1, 1919.
Moline corn binders	5 per cent cash discount October 1, 1919.
	All on hand unsold October 1, 1919, not exceeding 25 per cent of original order, carried one year on note, without interest, to December 1, 1920. 5 per cent cash discount October 1, 1920.
Moline grain binders	Net November 1, 1919.
Moline mowers	5 per cent cash discount September 1, 1919.
	All on hand unsold September 1, 1919, not exceeding 25 per cent of original order, carried one year on note, without interest, to November 1, 1920. 5 per cent cash discount Sept. 1, 1920.
Moline steel hay rakes	Net September 1, 1919.
	5 per cent cash discount July 1, 1919.

Shipments made after discount dates given above use same net maturity date as regular and allow cash discount on first of month following date of shipment.

After maturity the account shall bear interest at highest contract rate of interest (not to exceed 10 per cent) permitted by law in the State where party of second part has place of business.

On all payments made subsequent to the cash discount date and prior to the maturity date, a proportionate cash discount will be allowed.

Eight per cent per annum will be allowed on all prepayments of notes or accounts in anticipation of cash discount dates.

Repair parts—List price less discount, 30%.

1013 EXHIBIT VIII.—HARVESTING MACHINERY DISCOUNTS AND TERMS APPLYING TO DECEMBER 8, 1919, PRICES—PRICE LIST #250

TERMS

	Net November 1, 1920
	5 per cent cash discount October 1, 1920.
Corn Binders.....	Not exceeding 25 per cent of the corn binders shipped during the season, if on hand unsold October 1, 1920, may be settled for by note due November 1, 1921. 5 per cent cash discount October 1, 1921.
	Net November 1, 1920.
Grain Binders.....	5 per cent cash discount September 1, 1920.
Mowers.....	Not exceeding 25 per cent of the grain binders and mowers shipped during the season, if on hand unsold September 1, 1920, may be settled for by note due November 1, 1921.
	5 per cent cash discount September 1, 1921.
Sulky rakes.....	Net September 1, 1920.
	5 per cent discount July 1, 1920.

Shipments made after discount dates given above use the same net maturity date as regular and allow cash discount on first of month following date of shipment.

After maturity the account shall bear interest at highest contract rate of interest (not to exceed 10 per cent) permitted by law in the State where party of second part has place of business.

On all payments made subsequent to the cash discount date and prior to the maturity date, a proportionate cash discount will be allowed.

Eight per cent per annum will be allowed on all prepayments of notes or accounts in anticipation of cash discount dates.

Also applies to April 28, 1920 prices.

Repair parts—list price less discount, 30%.

1014 EXHIBIT IX.—HARVESTING MACHINERY—DISCOUNTS AND TERMS APPLYING TO AUGUST 1, 1920, PRICES—PRICE LIST #418

TERMS

	Net October 1, 1921.
Sulky rakes.....	5 per cent cash discount Aug. 1, 1921.
	Net November 1, 1921.
	5 per cent cash discount Oct. 1, 1921.
Grain binders.....	Not exceeding 50 per cent of the grain binders and corn binders shipped during the season; if on hand unsold October 1, 1921, may be settled for by note due November 1, 1922. 5 per cent cash discount October 1, 1922.
Corn binders.....	Above carry over clause does not apply to No. 11 binders.
	Net November 1, 1921.
	5 per cent cash discount Oct 1, 1921.
Mowers.....	Not exceeding 25 per cent of the mowers are shipped during the season; if on hand unsold October 1, 1921, may be settled for by note due November 1, 1922. 5 per cent cash discount Oct. 1, 1922.
	Above carry over clause does not apply to No. 4 mowers.

Prices, terms, and discounts to be as hereinafter stated, subject to the provision of paragraph (d) of section 3. Payment for shipments after regular discount date to be subject to discount the first

of the month following date of shipment; maturity date to remain as specified.

After maturity, account to bear interest at — per cent per annum.

Eight per cent per annum to be allowed upon prepayment of notes or accounts in anticipation of cash discount dates.

(d-3) May advance or reduce prices at any time, to apply only to goods shipped after announcement of new prices by the company. In case of reduction the company will give the dealer the benefit of such reduction on such goods as have been shipped under this agreement during the thirty days preceding the announcement of such reduction and which remain on hand and unsold with the dealer.

Repair parts—List price less discount, 30%.

1015 EXHIBIT X.—HARVESTING MACHINERY—DISCOUNTS AND TERMS APPLYING TO DECEMBER 15, 1920, PRICES—PRICE LIST #402

TERMS

Sulky rakes	<p>Net September 1, 1921. 5 per cent cash discount July 1, 1921. Net November 1, 1921. 5 per cent cash discount October 1, 1921.</p>
Corn binders	<p>Not exceeding 25 per cent of the corn binders shipped during the season; if on hand unsold October 1, 1921, may be settled for by note due November 1, 1922. 5 per cent cash discount October 1, 1922. Net November 1, 1921. 5 per cent cash discount September 1, 1921.</p>
Grain binders, mowers	<p>Not exceeding 25 per cent of the grain binders and mowers shipped during the season; if on hand unsold September 1, 1921, may be settled for by note due November 1, 1922. 5 per cent cash discount September 1, 1922. Above carry-over clause does not apply to No. 11 binders and No. 4 mowers.</p>

Prices, terms, and discount to be as hereinafter stated, subject to the provision of paragraph (d), section 3. Payment for shipments after regular discount date to be subject to discount the first of months following date of shipment; maturity date to remain as specified.

After maturity, account to bear interest at — per cent per annum.

Eight per cent per annum to be allowed upon prepayment of notes or accounts in anticipation of cash discount dates.

(d-3) May advance or reduce prices at any time, to apply only to goods shipped after announcement of new prices by the company. In case of reduction the company will give the dealer the benefit of such reduction on such goods as have been shipped under this agreement during the thirty days preceding the announcement of such reduction and which remain on hand unsold with the dealers.

Repair parts—List price less discount, 30%.

Also applies to April 15, 1921, prices.

The basis of delivery on shipments from Auburn, New York, to Poughkeepsie, the delivery was made f. o. b. Auburn, New York, with the exception of purchases made in 1921 which were priced f. o. b. Poughkeepsie.

1022-1023

Petitioner's Exhibit (S) 127

DEERE & COMPANY.—1923. LIST OF TOWNS WHERE HARVESTER LINE IS SOLD.
STATED BY BRANCH HOUSE TERRITORIES AND SUBDIVIDED BY STATES

Dallas territory:	
Texas	342
Indianapolis territory:	
Indiana	232
Kentucky	46
Michigan	280
Ohio	305
Total	872
Kansas City territory:	
Arizona	4
Colorado	100
Kansas	328
Missouri	174
New Mexico	21
Oklahoma	183
Texas	10
Total	829
Minneapolis territory:	
Minnesota	487
Montana	61
North Dakota	235
South Dakota	99
Wisconsin	88
Total	970
Moline territory:	
Illinois	205
Indiana	5
Iowa	233
Michigan	3
Missouri	1
Wisconsin	171
Total	618
St. Louis territory:	
Alabama	47
Arkansas	220
Florida	25
Georgia	46
Illinois	165
Kentucky	71
Louisiana	73
Mississippi	82
Missouri	331
North Carolina	4
Oklahoma	13
South Carolina	31
Tennessee	137
Total	1,245

San Francisco territory:	
California	203
Nevada	12
Oregon	2
Total	217
Syracuse territory:	
Connecticut	39
Delaware	15
Maine	98
Massachusetts	37
Maryland	71
New Hampshire	1
New Jersey	46
New York	420
North Carolina	107
Pennsylvania	258
Rhode Island	6
Vermont	34
Virginia	67
West Virginia	42
Total	1,281
1024 Omaha territory:	
Iowa	198
Minnesota	1
Nebraska	404
South Dakota	110
Wyoming	31
Total	744
Portland territory:	
Idaho	46
Oregon	90
Washington	116
Total	252
Recapitulation (by territories):	
Dallas	342
Indianapolis	872
Kansas City	829
Minneapolis	970
Moline	618
Omaha	744
Portland	252
St. Louis	1,245
San Francisco	217
Syracuse	1,281
Grand total	7,370

NOTE: As compared with data supplied by Deere & Co. and referred to in pages 269-276 of the record.

Kansas City is over.....	9	
Omaha " "	4	13
Moline, short.....	4	
St. Louis "	2	
Syracuse "	7	13

1025 *Petitioner's Exhibit (S) 128*

THE OHIO RAKE COMPANY, DAYTON, OHIO

STATEMENT OF DOMESTIC SALES OF HARVESTING MACHINERY FOR THE YEAR
ENDING AUG. 31

	1919	1920	1921	1922	1923
Hay rakes.....	991	1,049	716	671	848
Hay tedders.....	164	65	80	41	41
Hay loaders.....	332	563	456	263	413
Full size harvesters.....	615	445	480	432	219
Self-prop. harvesters.....	80	206	4	2	1

1026 *Petitioner's Exhibit (S) 129*

DESCRIPTION OF EXHIBIT—THOMAS MANUFACTURING COMPANY—
TRACTOR MOWER SALES, 1921 TO 1923, INCLUSIVE

1027 402-410 ARCADE BUILDING,
616 SOUTH MICHIGAN AVE.,
Chicago, Ill., 3-13-24.

MR. WALLACE S. THOMAS,

Thomas Manufacturing Company, Springfield, Ohio.

DEAR SIR: Referring to your testimony taken before me as examiner in the case of United States v. International Harvester Company at Chicago on January 7, 1924, you produced a table of figures showing the number of horse mowers sold by your company in the United States for each year from 1919 to 1923. The parties to the suit are advised that your company also makes a power mower for use in connection with a tractor. Will you kindly address to me at 616 South Michigan Avenue, Chicago, a letter stating the number of such power mowers sold by your company in the United States for each year from 1919 to 1923, inclusive, during which the same have been on the market?

Yours very truly,

A. A. FARRINGTON,
Special Examiner.

1028

THE THOMAS MANUFACTURING CO.,
Springfield, Ohio, March 14, 1924.

Mr. A. A. FARRINGTON,

402 Arcade Building, 616 South Michigan Avenue, Chicago.

DEAR SIR: In response to your letter of the 13th, the following is a report on the number of tractor mowers sold by our company from 1919 to 1923. This report is for domestic sales only, and includes the only years during which we have had this mower on the market.

1921.....	48
1922.....	400
1923.....	277

Very truly yours,

THE THOMAS MFG. CO.,
 By WALLACE S. THOMAS.

WST

1029

Room 402, 606 S. MICHIGAN AVE.,
Chicago, Ill., March 31, 1924.

Mr. WALLACE S. THOMAS,

The Thomas Mfg. Co., Springfield, Ohio.

DEAR SIR: Your letter of March 14th in response to mine of 13th was duly received.

Counsel in the case desire to know if the list of tractor mowers set forth in your letter to me of March 14th are quantities in addition to those set forth in the exhibit which you produced in your testimony given at Chicago on January 7th.

Therefore, for certainty, will you please advise me in this regard, obliging

Yours truly,

A. A. FARRINGTON,
Special Examiner.

That you may have it before you, I quote from your exhibit headed, "Domestic sales of harvesting machines":

Year	Mowers (Domestic)
1919.....	2,437
1920.....	4,245
1921.....	1,324
1922.....	1,151
1923.....	1,444

1030

THE THOMAS MANUFACTURING CO.,
Springfield, Ohio, Apr. 1, 1924.

Mr. A. A. FARRINGTON,

Room 402, 616 S. Michigan Ave., Chicago.

DEAR SIR: In your letter of March 31st, you asked whether or not the list of tractor mowers set forth in my letter of the 14th were quantities in addition to those set forth in the exhibit which I produced in my testimony given at Chicago, on January 7th.

These quantities are in addition to the horse mowers set forth in my exhibit at Chicago on January 7th, and are not included therein.

Very truly yours,

THE THOMAS MFG. CO.,
By WALLACE S. THOMAS.

WST

1031-1032

Petitioner's Exhibit (S) 150

EMERSON-BRANTINGHAM IMPLEMENT CO. INCORPORATED

Distributors of Products of
Emerson-Brantingham Company, Rockford, Illinois,
Makers of Farm Machinery Since 1852

ROCKFORD, ILLINOIS, *March 19, 1924.*

(Stamp) Received
Mar. 20, 1924
General Counsel's Office

Mr. W. S. ELLIOTT,

*General Counsel, International Harvester Company,
606 S. Michigan Ave., Chicago, Ill.*

DEAR MR. ELLIOTT: Mr. Jackson asked us to acknowledge your letter of March 17th and to give you the following information regarding the sale of E-B Side Delivery Rakes:

Year	Sales
1919.....	1,338
1920.....	1,784
1921.....	1,015
1922.....	586
1923.....	710

If there is any additional information required, please advise us.

Very truly yours,

W. I. GIBSON,
General Sales Department.

WIG:EM

1033

402-410 ARCADE BUILDING,
616 SOUTH MICHIGAN AVENUE,
Chicago, Ill., March 29, 1924.

Mr. CHARLES S. BRANTINGHAM,

President, Emerson-Brantingham Co., Rockford, Ill.

DEAR SIR: Exhibit produced by you in the Harvester hearing covered the number of Emerson-Brantingham rakes (sulky) and Osborne rakes (sulky) as you remembered it, in 1919 to 1923, inclusive.

Under date of March 19th, 1924, Mr. W. I. Gibson of your general sales department wrote Mr. W. S. Elliott of the International Har-

vester Company advising him that your sales of E-B side-delivery rakes were as follows:

Year	Sales
1919	1,338
1920	1,784
1921	1,015
1922	586
1923	710

Will you please advise, at your earliest convenience if these figures represent sales of additional rakes to the number shown in the exhibit produced by you, obliging

Yours truly,

A. A. FARRINGTON,
Special Examiner.

1034

EMERSON-BRANTINGHAM COMPANY

Established 1852

C. S. BRANTINGHAM,
President.

ROCKFORD, ILLINOIS, U. S. A.,
April 2nd, 1924.

Mr. A. A. FARRINGTON,
*Special Examiner, 402-410 Arcade Building,
616 South Michigan Ave., Chicago.*

DEAR SIR: Referring to your letter of March 29th regarding sales of side-delivery rakes by this company for the years 1919 to 1923, inclusive, as furnished Mr. W. S. Elliott of the International Harvester Company, these sales are in addition to our sales of E-B and Osborne sulky rakes.

Trusting the above gives you the desired information, we are
Very truly yours,

C. S. BRANTINGHAM,
President.

HTE

1035

Petitioner's Exhibit (8) 131

[Offered in evidence by petitioners' counsel, volume IV, page 2254]

DESCRIPTION OF EXHIBIT—DOMESTIC SALES OF COMBINED HARVESTER
THRESHERS BY THE SEVERAL COMPANIES MANUFACTURING SAME,
1919 TO 1923.

1036

HARVESTER THRESHERS

The following figures show the number of harvester threshers made or sold in the United States for the years 1919, 1920, 1921, 1922, and 1923, as appears from letters and telegrams received from the following companies:

International Harvester Co. of America, Chicago, Ill. (number sold):

1919—Deering, 9 ft.	500
McCormick, 9 ft.	605
Total	1,105
1920—Deering, 9 ft.	1,628
McCormick, 9 ft.	739
Total	2,367
1921—Deering, 9 ft.	1,370
McCormick, 9 ft.	556
Total	1,926
1922—Deering, 9 ft.	192
Deering, 12 ft.	796
McCormick, 9 ft.	42
Total	1,000
1923—McCormick Deering, 9 ft.	108
McCormick Deering, 12 ft.	322
Total	430

Best Manufacturing Co., Stockton, Calif. (number manufactured):	
1919	104
1920	63
1921	137
1922	64
1923	224
Total	592

This company also purchased under contract from the Northwest Harvester, Spokane, Washington, the following numbers of machines:

1919	165
1920	90
1921	145
1922	70
1923	55

Total 525

Of total number manufactured and purchased practically all were sold.

Idaho National Harvester Company, Moscow, Idaho (number sold):

1919	13
1920	3

Advance Rumely Company, 1305 Chicago Trust Bldg., Chicago, Ill., factory at Laporte, Ind. (number manufactured):

1923	12
------	----

Used for experimental work.

Wage Harvester Co., Denver, Colorado (number manufactured):

1919	1
1920	1
1921	12

In 1922 the patent rights were sold to Advance-Rumely Co., Laporte, Ind. Case Threshing Machine Co., Racine, Wisconsin (number sold):

1923—Prairie	245	@	\$1,975.00
1923—Hillside	24		2,000.00
1923—Hillside	26		2,000.00

295

C. L. Best Tractor Co., San Leandro, Calif.:

Purchased by Holt Manufacturing Company, Stockton, California, in 1908. Discontinued the manufacture of harvester machines about ten years ago and disposed of all special facilities for making such machines to Harris Manufacturing Co., Stockton, Calif.

Massey-Harris Harvester Co., Batavia, New York (number of domestic sales, Ex. P(8) 16):

1921	4
1922	154
1923	125

Total 283

Harris Manufacturing Co., Stockton, Calif. (number sold):

1919	124
1920	179
1921	75
1922	116
1923	130

Total 624

Combined grain harvesters.

1918 *Petitioner's Exhibit (8) 132*

DESCRIPTION OF EXHIBIT—COPY OF CONTRACT BETWEEN INTERNATIONAL HARVESTER COMPANY AND THE UNITED STATES OF AMERICA FOR CONSTRUCTION OF HY-FRUCT CORE OVENS; CLAIM OF INTERNATIONAL HARVESTER COMPANY; AWARD OF ORDINANCE CLAIM BOARD OF WAR DEPARTMENT

1919 UNITED STATES OF AMERICA, WAR DEPARTMENT,
Washington, April 14, 1924.

I hereby certify that the within are true and complete copies of the original documents which are on file in the Ordnance Office

C. C. WILLIAMS,
Major General, Chief of Ordnance, U. S. Army,
J. J. T.

I hereby certify that Major General C. C. Williams, who signed the foregoing certificate, is the Chief of Ordnance, United States Army, and that to his certification as such full faith and credit are and ought to be given.

In testimony whereof I, John W. Weeks, Secretary of War, have hereunto caused the seal of the War Department to be affixed and my name to be subscribed by the assistant and chief clerk of the said department, at the city of Washington, this 17th day of April, 1924.

United States of America

[SEAL]
War Office

JOHN W. WEEKS,
Secretary of War.
By JOHN C. SCOTFIELD,
Assistant and Chief Clerk.

P 16958

Ordinance Office War Department,
Finance Division

Rec. May 31, 1919.

Referred to _____

Aud. _____

FORM C.—CERTIFICATE OF EXAMINING BOARD

We, the Ordinance Claims Board, having made due and proper investigation, find that an agreement was entered into in good faith between International Harvester Company of New Jersey, the claimant, and Lt. Col. R. P. Lamont, an officer or agent acting under the authority, direction, or instruction of the Secretary of War (the President of the United States), on or about the 26th day of July, 1918, during the emergency arising from the declaration of war with the German Empire and prior to November 12, 1918, for a purpose connected with the prosecution of the war; that the agreement had been performed in whole or in part, or expenditures had been made or obligations incurred by the claimant on the faith of such agreement, prior to November 12, 1918; that the agreement has not
1041 been executed in the manner prescribed by law, and is within the provisions of section 1 of the act of Congress approved March 2, 1919, entitled "An act to provide relief in cases of contracts connected with the prosecution of the war and for other purposes," and that the documents attached hereto constitute a detailed statement showing the nature, terms, and conditions of said agreement; and we hereby recommend that the Secretary of War proceed to adjust, pay or discharge the said agreement.

ORDINANCE CLAIMS BOARD,

By J. WEIL, *Chairman*,*Major, Ord. Dept., Member, (May 28, 1918).*

INTERNATIONAL HARVESTER

COMPANY OF NEW JERSEY,

By GEORGE P. RANNEY,

Treasurer (title), Claimant.

V. A. R.

P. S. C.

Dated _____

Accepted and approved:

Attest:

Secretary or Recorder.

DATED May 16, 1919.

Claim No. O-BC 1623

1042

(To be presented before June 30, 1919)

STATEMENT OF CLAIM, FORM A

Statement of claim for relief under act of Congress approved March 2, 1919, entitled, "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes."

TO THE SECRETARY OF WAR:

SIR:

The claimant, International Harvester Company of New Jersey, place of business, Chicago, Illinois, P. O. address, 606 South Michigan Avenue,

represents:

1. That during the emergency arising from the declaration of war with the German Empire and prior to November 12, 1918, and on or about the 26th day of July, 1918, the claimant entered into an agreement with an officer or agent acting under the authority, direction, or instruction of the Secretary of War for the erection, within 14 months after July 26, 1918, of a by-product coke oven plant at South Chicago, Illinois, consisting of two batteries of ovens containing in all 88 coke ovens, and the sale of its product of 1043 toluol and sulphate of ammonia to the United States Government during a four-year period after the beginning of operations (the Government having the option, by notice, to make this a two-year instead of a four-year period), at the price of \$1.50 per gallon for toluol and \$90.00 per ton for sulphate of ammonia.

2. That the agreement was entered into in good faith for purposes connected with the prosecution of the war, and the claimant had performed the said agreement in whole or in part, or had made expenditures or incurred obligations upon the faith thereof, prior to November 12, 1918.

Contracts for the construction of said plant had been entered into and a large amount of actual construction performed prior to November 12, 1918.

[Indorsed:] Received Ordnance Claims Board, Washington, By G. E. Bell. Date 5/24/19. Claim No. O. B. C. 1623.

3. That the claimant undertakes to furnish prior to June 30, 1919, to the Secretary of War or to such person or persons as he may direct, a properly itemized and duly verified statement or series of statements showing the amount claimed to be due 1044 for articles or work delivered and accepted and also any additional amounts claimed as reimbursement and remuneration for expenditures, obligations, and liabilities necessarily incurred, including work, labor and services necessarily rendered, in performing or preparing to perform said agreement.

4. That hereto attached is an attested copy or copies of the best written evidence within the claimant's control of the nature, terms, and conditions of the said agreement in the form of written informal contract.

5. That the said agreement has not been executed in the manner prescribed by law.

And the claimant requests the Secretary of War to adjust, pay, or discharge the said agreement upon a fair and equitable basis as provided in the act of Congress approved the 2d day of March, 1919, and entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes."

(Signature)

INTERNATIONAL HARVESTER

COMPANY OF NEW JERSEY,

By GEORGE A. RANNEY, (P. S. P.),

Its Treasurer (title),

Claimant.

1045 Executed at Chicago, Illinois, on the 16th day of May, 1919.

FORM OF VERIFICATION WHERE CLAIMANT IS A CORPORATION

STATE OF ILLINOIS,

County of Cook, to wit:

George A. Ranney, being first duly sworn, deposes and says that

(Insert here name of officer or director of corporation)

he is the treasurer of the International Harvester Company of New

(Insert title)

(Insert name of corporation)

Jersey, claimant, named in the foregoing statement of claim; that he has read the said statement and knows the contents thereof, and that the said statement is true of his own knowledge, except as to matters which are therein stated on information or belief, and that as to these matters, he believes the statement to be true.

GEORGE A. RANNEY.

V. A. R.

P. S. P.

Subscribed and sworn to before me this 16th day of May, 1919.

(SEAL.)

HENRY WEHLAN,

*Notary Public in and for the County
of Cook, State of Illinois.*

1046 WAR ORD. P 10928—1120E.—INTERNATIONAL HARVESTER COMPANY
OF NEW JERSEY AND UNITED STATES OF AMERICA—ORDNANCE
DEPARTMENT, U. S. ARMY.—CONTRACT

1047 This contract made this 26th day of July, A. D. 1918, by
and between the International Harvester Company of New
Jersey, a corporation of the State of New Jersey, with its principal
place of business at 606 South Michigan Avenue, Chicago, Illinois

(hereinafter called the contractor), party of the first part, and the United States of America, by Samuel McRoberts, colonel, Ordnance Department, United States National Army, acting as contracting officer under the authority of the Chief of Ordnance, United States Army, and under the direction of the Secretary of War, party of the second part, witnesseth:

Whereas, a state of war exists constituting an emergency which requires the immediate production and delivery to the United States of large quantities of military supplies and of coke products of high quality to be used in making military supplies, and

Whereas, the United States desires the contractor to erect new by-product coke ovens for the production, among other things, of toluol and sulphate of ammonia for military purposes, and has undertaken to the extent and in the manner hereinafter described to finance the installation of said ovens by an advance payment for the supplies herein contractor for;

1048 Now therefore, in consideration of the promises and of the mutual promises herein contained the parties hereto agree as follows:

Article I

Construction of new plant.—The contractor shall forthwith construct and equip at its own expense, adjoining the Wisconsin Steel Works plant in South Chicago, Cook County, Illinois, two batteries of by-product coke ovens, each battery to contain forty-four (44) ovens of approximately 11.4 net ton coal capacity for the production of toluol and sulphate of ammonia, and shall furnish said plant and put the same into full operation as soon as possible and at any event within fourteen (14) months after the execution hereof, unless delay beyond said date be excusable under the provisions of Article II hereof or shall be permitted by the Chief of Ordnance.

Article II

Specifications.—The toluol and ammonium sulphate and their manufacture, packing, marking, and loading shall conform to the specifications which are attached hereto and made a part of this contract.

The contracting officer may from time to time make changes
1049 in or additions to said specifications, provided that such amendments to the specifications shall not render the manufacture of toluol and sulphate of ammonia impracticable at said by-products coke plant, and the provisions of this contract shall apply to the amended specifications in the same manner as to the original specifications. If any amendment involves an increase or decrease in cost a like relative addition to or deduction from the price to be paid to the contractor shall be made.

Article III

Operation of plant to full capacity.—The contractor estimates that the said plant will be capable of carbonizing fourteen hundred (1,400) tons of coal per day and will produce five hundred sixty (560) gallons of toluol and seventeen (17) tons of sulphate of ammonia per day, making a total production in the period of four years of eight hundred thousand (800,000) gallons of toluol and twenty-four thousand (24,000) tons of sulphate of ammonia, and the contractor will use its best efforts and highest diligence to equal or exceed the estimated daily output for the entire period of this contract.

1050

Article IV

Sale of products; period of contract.—Subject to the provisions for termination of this contract in this article and in Article VIII contained, the contractor shall sell and deliver to the United States, and the United States shall buy all toluol and sulphate of ammonia, which, in the opinion of inspectors designated by the Chief of Ordnance shall conform to said specifications and which shall be produced at said new plant during the period of four years from the time when operation of said plant shall begin, provided, however, that if by permission of the Chief of Ordnance operation of the new plant shall begin more than fourteen (14) months after execution hereof the period of the contract shall nevertheless terminate at the expiration of the sixty-second (62nd) month after the execution hereof.

The United States may at its option terminate this contract at any time after the expiration of the twenty-fourth (24th) month after the beginning of manufacturing operations in accordance with this contract by giving to the contractor fifteen (15) days' notice in writing of such its election.

1051

Article V

Delivery—Storage.—All toluol and sulphate of ammonia shall be delivered f. o. b. cars furnished by the United States at the plant. If so requested, the contractor shall, before placing the toluol and ammonia in cars, store the same at the risk of the United States, provided that the contractor shall not be required to store more than six weeks' output of accepted toluol and accepted sulphate of ammonia at any one time. The contractor shall be paid for all goods stored after inspection and acceptance as if loaded on cars, loading thereafter to be at the contractor's expense. If by reason of the failure of the United States to furnish cars, the amount of toluol or sulphate of ammonia shall at any time exceed the amounts

above required to be stored, the contractor shall be reimbursed for all its costs and expense in providing additional storage.

Article VI

Payment.—The United States shall pay to the contractor for each gallon of toluol delivered to and accepted by the United States the sum of one dollar and one-half (\$1.50) and for each ton of sulphate of ammonia delivered to and accepted by the United States the sum of ninety dollars (\$90.00). Payments due under this article shall be made on or about the twentieth (20th) day of each calendar month for all goods delivered and accepted during the preceding calendar month.

Article VII

Moneys to be advanced by the United States.—The contracting officer shall recommend to the War Credits Board that the Government shall finance the installation of the said ovens and that for this purpose it approve an advance payment for the supplies herein contracted for to the contractor of the sum of one million dollars (\$1,000,000.00) upon such terms and conditions and secured in such manner as the War Credits Board shall prescribe, the advance to be made as the work of installing the ovens proceeds. If the War Credits Board shall not within ten days after execution hereof approve the making of said advance payment, the contractor may cancel this contract by written notice of such its election delivered to the contracting officer within twenty (20) days after execution hereof. Unless such notice be given within the time limited the contract, except, however, the provision relating to an advance of money by the United States, shall continue in force.

Article VIII

Time.—Termination for default.—Time is of the essence of this contract and of every stipulation hereof into which the element of time enters. It is of the essence of this contract that the contractor shall press with the greatest diligence and highest speed all work herein undertaken by it. If the contractor abandon any of its work herein undertaken, or if at any time the Chief of Ordnance shall be of the opinion and shall so certify in writing that performance of this contract is unnecessarily or unreasonably delayed, or that the contractor is wilfully or continually violating any of the terms hereof, or if the contractor shall become financially embarrassed, the contracting officer may by written notice terminate this contract, and thereupon the right of the contractor to use sums advanced by the United States shall at once cease and all sums owing by it to the United States, and the unpaid balance of all advances

made to it by the United States, shall at once be due and payable, and the Chief of Ordnance may purchase in the open market or otherwise goods remaining undelivered hereunder, and the contractor shall pay to the United States all loss and damage so incurred.

Article IX

Inspection—Rejection.—The contractor's plant, including all machinery and equipment, all material, processes, and product, shall at all times be subject to inspection by inspectors designated by the Chief of Ordnance, and the contractor shall furnish adequate facilities and assistance for such inspection and for testing. Upon
1054 notice from the contractor that toluol in the amount of not less than ten thousand gallons and sulphate of ammonia in the amount of not less than three hundred tons is ready for delivery, the United States shall cause prompt inspection to be made. All toluol and sulphate of ammonia which in the opinion of the inspector does not comply with the specifications shall be rejected. The contractor shall at once remove all rejected goods from the plant and shall not again offer them for inspection without written permission of the inspector.

Article X

Care of United States property.—The contractor shall use due and proper care to protect all property of the United States in its possession. Such property shall be suitably marked for identification and shall be kept separate and apart from other property.

Article XI

Excusable delays.—The contractor shall not be held responsible for delays in the construction of the plant or in the delivery of the products due to delay in inspection, delay in the giving of shipping instructions to the contractor, explosions, fires, riots, labor strikes,
acts of war, acts of God, inability to obtain materials, or to
1055 any other causes beyond the control of the contractor. The contractor shall use its best efforts to remove such cause of delay as speedily as possible, and immediately upon the removal thereof shall proceed with the performance of this contract. The time for the making of deliveries shall be extended by the period of such delay, provided application therefor be made in writing within thirty (30) days after the removal of such cause for delay. The contracting officer shall recommend that the contractor be given priority with respect to all materials and transportation required in connection with the erection of said by-products coke ovens, and the obtaining of materials needed in the production of toluol and sulphate of ammonia mentioned in this contract. If the source of the

contractor's supply of any materials has failed or is liable to fail, it shall be the duty of the contractor immediately upon being apprised of such failure or probable failure to notify the Chief of Ordnance so that the United States may, if it is deemed desirable so to do, arrange for a supply of such material.

Article XII

Precautionary measures.—In addition to the reasonable and ordinary precautions to be adopted by the contractor for guarding and protecting its plant and output, the contractor shall provide such additional watchmen and devices for protection against espionage, acts of war, and of enemy aliens as may be required by the Chief of Ordnance. The contractor shall, when required (a) report to the Chief of Ordnance the citizenship, country of birth, or alien status of any of its employees, (b) refuse to employ or if already employed forthwith discharge from employment and exclude from its works any person or persons designated by the Chief of Ordnance for cause as undesirable for employment in a plant engaged on work for the United States. The United States shall reimburse the contractor for any expense determined by the Chief of Ordnance to be directly caused by the requirements of this article.

Article XIII

Exploitation forbidden.—The contractor agrees to refrain from exploiting by publicity or otherwise its products manufactured in pursuance of this contract, and of any and all contracts and orders heretofore or hereafter entered into or placed with the contractor, and its products manufactured under any arrangements with the United States whatsoever, and the contractor agrees to refrain from in any way publicly advertising the facts of the manufacture of said product, and to refrain from publishing or causing or allowing to be published any photographs, drawings, written or printed matter, or other data disclosing the articles, or parts of the same, or the process of manufacture, or the plans of the Government of any information concerning the same or which shall result in such disclosure. The contractor agrees to submit to the Chief of Ordnance all pictures or printed matter showing, describing, or in any way relating to the progress of the work to be prosecuted under this contract and under any and all contracts and orders heretofore or hereafter entered into or placed with the contractor, or under any arrangements with the United States whatsoever, which he may desire to publish, before publishing the same, and the Chief of Ordnance may prohibit such publication. The contractor further agrees to refrain from giving any information whatsoever relative to any experiments that may be carried out by it at the instance of the United States.

Article XIV

Contract nonassignable.—This contract shall not nor shall any right to receive payment or any other interest therein be transferred or assigned by the contractor to any person, firm, or corporation without the written consent of the United States.

Article XV

Disputes.—If any doubts or disputes shall arise under this contract, they shall be referred to the Chief of Ordnance for determination. If, however, the contractor shall feel aggrieved at any decision of the Chief of Ordnance upon such references, he shall have the right to submit the same to the Secretary of War, whose decision shall be final.

Article XVI

Officials not to benefit.—No member of or Delegate to Congress or Resident Commissioner, nor any person belonging to or employee in the military service of the United States is or shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom, but this article shall not apply to this contract so far as it may be within the operation or exception of section 116 of the act of Congress approved March 4, 1909 (35 Stat. 1109).

Article XVII

Prison labor.—No person or persons shall be employed in the performance of this contract who are undergoing sentences of imprisonment at hard labor which have been imposed by the courts of the several States, Territories, or municipalities having criminal jurisdiction.

Disbursing officer.—**Erroneous payments.**—The United States may station a disbursing officer at the plant. Payments by the United States shall be subject to correction for errors, if any.

Article XVIII

Service of notices.—Any notice enclosed in a postpaid wrapper or penalty envelope and deposited in the United States mails addressed to the contractor at its principal office aforesaid shall be deemed to have been served upon the contractor. The address of the contractor may be changed at any time by notice in writing to the contracting officer. Notices may also be served upon the contractor by delivery thereof to any of its officers or managing agents in person.

All communications from the contractor to the United States relating to this contract or to the performance hereof shall be addressed to the Chief of Ordnance in Washington, and shall refer to this contract by its index title "War-Ord-P10958-1120E."

Article XIX

Definitions.—Wherever the term Chief of Ordnance is used in this contract, it shall be construed to mean the Chief of Ordnance, the Acting Chief of Ordnance, or any duly authorized representative of either. The term contracting officer shall be construed to mean the officer who signs this contract, his successor or successors, or any one designated by the Chief of Ordnance from time to time to act as contracting officer.

In witness whereof the parties hereto have caused these presents to be executed and delivered in triplicate at Washington, D. C., the day and year first above written.

INTERNATIONAL HARVESTER
COMPANY OF NEW JERSEY,

Witnesses:

1060

By (Signed)

CYRUS H. McCORMICK,

Its President.

(Signed)

PHILIP S. POST,

UNITED STATES OF AMERICA,

By SAMUEL McROBERTS,

Colonel, Ord. Department, N. A.,

Contracting Officer.

By (Signed)

R. P. LAMONT,

Lieut. Col. Ord. Dept., N. A.

Approved:

WM. L. PARKINS, *R. C.,*

H. Col. Ord. N. A.

It is hereby certified that the foregoing is a true and complete copy of the document constituting the best written evidence within claimant's control of the nature, terms, and conditions of the agreement.

GEORGE A. RANNEY,

Treasurer.

V. A. R.

P S P

1061

STATUTORY AWARD, FORM 1

Claim No. O-BC 1623

War-Ord. No. P 10958-1120 E

Award of Secretary of War under the act of Congress entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes" (approved March 2, 1919)

1. It appearing to the satisfaction of the Secretary of War that an agreement was entered into in good faith between International Harvester Company of New Jersey, the claimant, and R. P. Lamont, Lieutenant Colonel, Ordnance Department, U. S. A., an officer or agent acting under the authority, direction, or instruction of the Secretary of War, on or about the 26th day of July, 1918, during the emergency arising from the declaration of war with the German Empire and prior to November 12, 1918, for a purpose connected with the prosecution of the war; that the agreement had been performed in whole or in part, or expenditures had been made or obligations incurred by the claimant on the faith of such agreement, prior to November 12, 1918; that the agreement has not been executed in the manner prescribed by law; that the said agreement is within the provisions of the above-entitled act of Congress; that the nature, terms and conditions of said agreement are set out in "Form C," certificate of the Claims Board of the Ordnance Department, No. O BC 1623, dated May 28th 1919, on file in the War Department; that the claimant presented his claim to the Secretary of War before June 30, 1919; that the sum of

\$1,187,500.00 will adjust, pay, and discharge the obligations of the United States to the claimant under such agreement upon a fair and equitable basis; and that such sum does not include prospective or possible profits on any part of the agreement beyond the goods and supplies delivered to and accepted by the United States thereunder and a reasonable remuneration for expenditures and obligations or liabilities necessarily incurred in performing or preparing to perform said agreement. This supplemental agreement and award shall not, however, be construed to relieve the claimant from any of his obligations under said agreement as contained in the articles thereof designated, Article I, the second paragraph of Article II omitting the last sentence thereof, Article X, and Article XV:

2. The Secretary of War hereby awards to said claimant the sum of \$1,187,500.00 in full adjustment, payment, and discharge of said agreement, except as above stated.

3. From the said sum of \$1,187,500.00 shall be deducted the principal sum of \$1,000,000.00 due from the claimant by reason of advances heretofore made by the United States, plus interest due on said advances up to the date that this award is approved by the War

Department Claims Board, and the claimant is hereby released from all obligations to pay interest on the said advances after that date.

4. No part of this award was made with respect to any portion of said agreement which was sublet.

1063 GENEVIEVE STROBEL.

Recommended by:

Chicago Ord. Claims Board,

By E. A. RUSSELL,

Member.

Dated: June 12, 1919.

Approved by:

THE CLAIMS BOARD OF THE ORDNANCE DEPARTMENT

By C. S. DAWL,

Major Ord. U. S. A.

Dated: June 12, 1919, Washington, D. C.

Made and approved by authority of the Secretary of War:

WAR DEPARTMENT CLAIMS BOARD,

By (*Signature undecipherable*)

Member.

Dated: June 12, 1919, Washington, D. C.

UNITED STATES OF AMERICA

By P. H. HAWKINS,

Contracting Officer,

Major, Ord. Dept., U. S. A.

Accepted:

INTERNATIONAL HARVESTER

COMPANY OF NEW JERSEY,

By GEORGE A. RANNEY,

Treasurer.

Dated: June 17, 1919.

Attest: _____

Secretary.

1064

STATUTORY AWARD, FORM 1

Claim No. O-BC 1623

War-Ord. No. P 10958-1120 E

Award of Secretary of War under the act of Congress entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes" (approved March 2, 1919)

1. It appearing to the satisfaction of the Secretary of War that an agreement was entered into in good faith between International Harvester Company of New Jersey, the claimant, and R. P. Lamont, lieutenant colonel, Ordnance Department, U. S. A., an officer or agent acting under the authority, direction, or instruction of the Secretary of War, on or about the 26th day of July, 1918, during the

emergency arising from the declaration of war with the German Empire and prior to November 12, 1918, for a purpose connected with the prosecution of the war; that the agreement had been performed in whole or in part, or expenditures had been made or obligations incurred by the claimant on the faith of such agreement, prior to November 12, 1918; that the agreement has not been executed in the manner prescribed by law; that the said agreement is within the provisions of the above entitled act of Congress; that the nature, terms, and conditions of said agreement are set out in "Form C," Certificate of the Claims Board of the Ordnance Department, No. O-BC 1623, dated May 28th, 1919, on file in the War Department; that the claimant presented his claim to the Secretary of War before June 30, 1919; that the sum of \$1,187,500.00 will adjust, pay, and discharge such agreement upon a fair and equitable basis; and that such sum does not include prospective or possible profits on any part of the agreement beyond the goods and supplies delivered to and accepted by the United States thereunder and a reasonable remuneration for expenditures and obligations or liabilities necessarily incurred in performing or preparing to perform said agreement;

2. The Secretary of War hereby awards to said claimant the sum of \$1,187,500.00 in full adjustment, payment, and discharge of said agreement.

3. From the said sum of \$1,187,500.00 shall be deducted the principal sum of \$1,000,000.00 due from the claimant by reason of advances heretofore made by the United States, plus interest due on said advances up to the date that this award is approved by the War Department Claims Board, and the claimant is hereby released from all obligation to pay interest on the said advances after that date.

Recommended by:

1066 CHICAGO ORDNANCE DISTRICT CLAIMS BOARD,

By (Signature undecipherable), (*Member*).

Dated June 5, 1919.

Approved by:

THE CLAIMS BOARD OF THE ORDNANCE DEPARTMENT,

By ———, (*Member*).

Dated ———, Washington, D. C.

Made and approved by authority of the Secretary of War:

WAR DEPARTMENT CLAIMS BOARD,

By ———, (*Member*).

Dated ———, Washington, D. C.

Accepted:

INTERNATIONAL HARVESTER CO. OF NEW JERSEY,

By GEORGE A. RANNEY, (*Claimant*) *Treasurer*.

Dated Jan. 5, 1919.

[CORPORATE SEAL.]

O. K.

EAB.

1067 Finance Form No. 8.

DETAIL SHEET

Claims for other compensation

War Department Purchase, Storage and Traffic Division, General Staff, Office of the Director of Finance.

Contractor, International Harvester Company of New Jersey, Ordnance Department.

Address, Chicago, Illinois. Contract or order No. P10958-1120 E, construction and operation.

Article contracted for, 88 by-product coke ovens, sheet No. 1 of Form No. 8.

Date of termination of work on this contract, September 26, 1923.

Date of inventory ———, 191—.

The claims set forth herein are, in the opinion of the contractor, just compensation for losses actually incurred by it and due entirely to the termination or cancellation of this contract by the United States. It is necessary that the nature of the claims for compensation be fully stated below, and clear proof, documentary when possible, be presented in support thereof.

Line No.	Statement of claim	Amount
1	1. This contract called for the construction	
2	and operation by the International Harvester Company	
3	of New Jersey	
4	of 88 by-product coke ovens and required the Government	
5	to purchase the toluol and sulphate of ammonia out-	
6	-year	
7	put during a four—period after operations	
8	commenced,	
9	the Government, however, having the option of not taking	
10	such output during the last two years. The purchase	
11	price	
12	of toluol was \$1.50 a gallon and of the sulphate of	
13	ammonia	
14	\$90.00 a ton.	
15	2. In negotiating this contract these prices were	
16	fixed as reasonable and as necessary to compensate the	
17	con-	
18	tractor for the loss he would suffer by erecting the coke	
19	ovens during the period of high war costs. Upon request	
20	of	
21	the Government, we are ready to agree upon the	
22	discontinuance	
23	of this contract	
24	prior to completing the construction work on this plant	
25	(according to contract, the plant was to be ready for	
26	operation on or before Sept. 23, 1919), and we are of the	
27	opinion remuneration should be fixed as follows: "On	
28	account	

Line No.	Statement of claim	Amount
19	of facilities, machinery, and equipment acquired for the	
20	purpose of performing the contract, and the cost of which	
21	would have been recouped had the contract been	
22	performed—	
23	an amount which shall be computed as follows: "From	
24	deduct the present value, and of the balance take the same	
25	proportion that the uncompleted part of the contract bears	
26	to the whole." Inasmuch as we did not produce	
27	loss based upon the above method of figuring would be	
28	ments already made and obligations incurred for	
29	the construction of 88 coke ovens which amount	
30	less present value computed at \$25,000 per oven, which	
31	ovens is \$2,200,000; this leaves our loss at \$2,184,807.	
32	However, pursuant to your suggestion of Feb. 11th, we are	
33	computing our claim on the following basis: (a) Taking	
34	of the total output of toluol and sulphate of ammonia	
	a two year period at the contract price; and (b)	
	deducting	
	Total	

Claim No. O-BC

1070 Finance Form No. 8.

DETAIL SHEET

Claims for other compensation

War Department Purchase, Storage and Traffic Division, General Staff, Office of the Director of Finance.

Contractor International Harvester Company of New Jersey Ordnance Department.

Address, Chicago, Illinois. Contract or order No. P10958-1120-E. Article contracted for ——— Sheet No. ——— of Form No. 8.

Date of termination of work on this contract ——— 191—.

Date of inventory ——— 191—.

The claims set forth herein are in the opinion of the contractor just compensation for losses actually incurred by it and due entirely to the termination or cancellation of this contract by the United States. It is necessary that the nature of the claims for compensation be fully stated below and clear proof, documentary when possible, be presented in support thereof.

each class, such as worked direct material, unworked direct material, etc.

Line No.	Statement or inventory of—	Sheet No.	Amount
1	Form 8	1-2	\$1,660,424.00
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
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18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33	Statement of claim		
34			
35			
36			
37	Totals		

Claim No. C-BC 1623

1076

CERTIFICATION

We hereby certify that the items listed on sheets No. 1 to 2, inclusive, attached hereto, amounting to one million, six hundred sixty thousand, four hundred twenty-four dollars (\$1,660,424.00) represent actual cost incurred by us in connection with contract No. P 10958-1120 E with the Ordnance Department, U. S. Army; all materials included are owned by us, are on hand and in good condition and are all suitable for use in connection with such contract and do not exceed in quantity the requirements thereof. No items are

included which have been or will be included in any other claim against the United States.

INTERNATIONAL HARVESTER
COMPANY OF NEW JERSEY,
Contractor.

By GEORGE R. RANNEY, *Treasurer.*

[CORPORATE SEAL.]
(If a corporation)

EAB.

I hereby certify that I have examined the contractor's records pertaining to the items listed and find them correctly stated as to cost.

Accountant in Charge.

1077 I hereby certify that I have inspected all items of material listed herein and that such material is of a suitable quality for the performance of the contract and does not exceed in quantity the requirements thereof.

Inspector of Ordnance.

Received at _____ this _____ day of _____, 191—, the property described on sheets Nos. _____ to _____, inclusive, attached hereto.

Property Accountability Officer.

1078 Form 10 (revised) Chicago Ordnance District Claims Board.

STATEMENT OF CLAIM

Contractor, International Harvester Co. of New Jersey.
Address, Chicago, Ill. Contract or order No. P 10958-1120 E.
Article contracted for construction and operation, 88 by-products coke ovens.

Date of termination of work on this contract, Sept. 26, 1923.

Date of making claim, May 21, 1919.

This form is to be used by the contractor to formally state its claim on account of the termination of its contract with the United States. The total shown on this form should represent the entire amount claimed. Any deductions on account of advance payments or otherwise should clearly appear on the face of this form.

Line No.	Classification of claims	Amount
1	Unworked direct materials	
2	Indirect materials	
3	Worked direct materials	
4	Direct labor and overhead expense	
5	Commitments for materials or service	
6	Claims for other compensation	
	a. Loss on construction 88 coke ovens	\$1, 660, 424. 00
	b.	
	c.	
	d.	
	e.	
	f.	
	Total of contractor's claim	\$1, 660, 424. 00
CLASSIFICATION OF DEDUCTIONS		
1	Claims of the United States against the contractor arising out of or incident to the prime contract, or for loans in connection therewith	
2	Amount due to the United States, being the fair value of property transferred to the contractor in this settlement	
3	Scrap, if retained by contractor, from worked materials	
4	Allowance to the United States for fair value of property to be retained by contractor (sometimes called salvage value)	
	Total deductions	
	Balance due contractor	\$1, 660, 424. 00

Form 10 (revised). Claim No. 0-BC 1623

1080 STATE OF ILLINOIS,

County Cook, ss:

I, George A. Ranney, being duly sworn, say I am the treasurer of the International Harvester Company of New Jersey, the contractor herein. I have read the foregoing statement of claim and know the contents thereof. All the materials included and for the cost of which claim is made were or are owned by the contractor and were or are in good condition and suitable for use in the performance of the contract, and did not exceed in quantity the requirements thereof. No items are included in this claim which have been or will be included in any other claim against the United States or which have been already paid for. There are no claims of the United States against the contractor or debts of the contractor to the United States other than those herein shown and the amount whereof is herein deducted from the gross amount of the contractor's claims. The foregoing constitutes a true and just claim against the United States to the best of my knowledge and belief.

GEORGE A. RANNEY.

Sworn to before me this 21st day of May, 1919.

HENRY WEHLAN, *Notary.*

1081 There is, however, the promissory note of the company dated April 1, 1919, for \$1,000,000, secured by Liberty bonds of that amount given for the Government's advance payment on such informal contract.

1082 Contractor, International Harvester Co. of New Jersey.
Address, Chicago, Illinois.

Schedule "A"

Attached to and a part of a certain statutory award by the United States to the contractor, showing property, the title to which is so pass from the contractor to the United States arising out of or incident to above war order.

None

Schedule "B"

Attached to and part of a certain statutory award by the United States to the contractor, showing property, the title to which is to pass from the contractor to the United States arising out of or incident to above war order.

None

1083 WAR DEPARTMENT, ORDNANCE DEPARTMENT,
OFFICE OF DISTRICT CLAIMS BOARD, 155 E. SUPERIOR ST.,
Chicago, Illinois, June 6th, 1919.

CONTRACTING OFFICER'S CERTIFICATE

I hereby certify that I have satisfied myself of the authority of the person signing the contractor's name to this agreement to bind it in the matter, and I have caused to be filed evidence of such authority, the same having been attached to the copy of the statutory award marked "Claims board file."

J. H. LITTLE,
1st Lieut., Ord. Dept., U. S. Army,
Contracting Officer.

1084 MINUTES OF THE MEETING OF THE CHICAGO DISTRICT CLAIMS
BOARD HELD MAY 22, 1919

International Harvester Company of New Jersey, P-10958-1120 E

The SECRETARY. I present the claim of the International Harvester Company of New Jersey, of Chicago, Illinois, on a contract for the construction and operation of 88 by-product coke ovens. The claim as presented is for \$1,660,424.00, the claim being based upon the contractor's estimate of the amount of toluol and sulphate of ammonia which would be produced in a two year's period, and which was the minimum period during which this plant should be operated by them according to the terms of the contract with the Government.

At first the contractor considered that it should present the claim for the full war-time cost of the 88 coke ovens, which amounted to \$4,384,807.00, less the peace-time estimated value of the 88 ovens, estimated at \$25,000.00 per oven, or a total of \$2,200,000.00, leaving a balance as its loss of \$2,184,807.00.

Your special committee which investigated this matter, consisting of Lt. Col. Arison and Mr. Milton Goodman, have succeeded in showing them that the proper method of arriving at the claim under the cancellation would be to consider the loss on the estimated amount of product—namely, the difference between the prices
1085 as set forth in the contract and the estimated peace-time prices for the same product. The contract prices were fixed

by the Ordnance Department in Washington as follows: \$1.50 per gallon for the toluol and \$90.00 per ton for the sulphate of ammonia.

The contractor has estimated that the future price of the toluol will be 10 cents per gallon, thus showing a loss of \$1.40 per gallon, and it has estimated that a two years' output of toluol would be 651,160 gallons, showing a total loss on this item of \$911,624.00. It has estimated that the two years' output of sulphate of ammonia would be 14,976 tons; that the future peace-time price of same would be \$40.00 per ton; and the loss would therefore be to them \$50.00 per ton. At this price the sulphate of ammonia would show a loss of \$748,800.00, or a total of \$1,660,424.00. Your committee, however, base their estimate as to the amount of coal to be coked during the two years' period at the somewhat smaller amount as set forth in the staff report, and the toluol product a little higher, and the production of sulphate of ammonia somewhat higher—namely, as per the table of estimate of Major Falk per ton of coal coked. Furthermore, as a basis for computing the loss—that is, the difference between the contract price of toluol and sulphate of ammonia and the peace-time price—they have taken the present market price as follows: Toluol 17½ cents a gallon; sulphate of ammonia,

\$60.00 per ton, the difference being \$1.325 a gallon on the
1086 former item and \$30.00 per ton on the latter as determined by the ordnance authorities in conference in Washington and New York item. Upon this basis, and taking the production estimated, the loss on the toluol item would be \$805,939.20, as compared with the contractor's estimate of \$911,624.00, and on the second item a loss of \$389,160.00, as compared with the contractor's estimate of \$748,800.00, or a total of \$1,186,099.20 as estimated by your committee, compared with a total of \$1,660,424.00 as claimed by the contractor.

The contractor considered your committee's figure of \$1,186,099.20 as not being sufficient compensation, but offered to compromise at \$1,250,000.00. In certain conferences with these parties it has been pointed out to them that Major Falk's estimate of the coking of coal and the by-products yield cannot be exceeded, and it was proposed that a five per cent reduction in its compromise figure for prompt payment be conceded by the contractor in order to bring

his figure within Major Falk's stipulation. The contractor in its letter of May 21st has agreed to this deduction, and your committee therefore recommends an award of \$1,187,500.00.

Mr. RUSSELL. You might add in connection with that that Col. Arison and I have had a great deal to do in connection with this settlement, having had numerous conferences with the International Harvester people represented by Mr. Perkins, 1087 vice president, also their Mr. Rose, in charge of their coke ovens. One conference was held in the office while the explosive committee was here from Washington including Col. Burns, Major Falk, and Major Harkness, and the estimated output of the ovens is in accordance with the table furnished by Major Falk.

As stated by the secretary, their original legal claim they considered as \$2,184,000.00. Their claim as estimated on their output, on the price they were to allow for the product, after conference with this office, is \$1,660,000.00, and they made us an offer of \$1,250,000.00 in settlement, which we can figure on the basis of the tables furnished by Major Falk as being allowable provided they would permit the five per cent discount, which has been done, bringing the net amount of their claim to \$1,187,500.00. I am of the opinion that this is the very best settlement that could be possibly made with the International Harvester Company and one fair to them and fair to the Government.

Col. ARISON. I move that the award be made.

Major DURYEA. I second the motion.

The motion was unanimously carried.

The SECRETARY. I will accordingly prepare an award for \$1,187,500.00.

1088 On motion the meeting adjourned.

Respectfully submitted.

R. H. MANAFIELD, *Secretary*.

I hereby certify that the foregoing copy has been compared with the original by the persons hereinunder mentioned, under my direction and supervision, and that the same is a full, true, and correct copy of such original.

Compared by—

N. HARGRAVES,

M. SULLIVAN.

J. H. LITTLE,

Lieut. Col. Dept. U. S. A.

Claim No. O-BC 1623.

1000 ANALYSIS REPORT BY LT. COL. E. E. ARISON ON THE CLAIM OF THE INTERNATIONAL HARVESTER CO.—CONTRACT P-10958-1120E

Analyzing the claim for compensation on the part of the International Harvester Company, in connection with their toluid recovery plant, it is to be granted that the United States Government is seeking a cancellation of the contract with the International Har-

vester Company, and that, therefore, the Government should look generously toward the International Harvester Company's position.

The price to be paid per unit has been generally agreed upon by the Government officials in conference, and settlements achieved thereon with a number of the contractors. Therefore, this not being debatable, the decision must rest on the judgment of the board as to what may constitute a fair estimate of the possible production of the International Harvester Company's plant.

Now, assuming the International Harvester Company to concede the question of price as undebatable the Government must lean to the "possible" as to output.

Major M. S. Falk in table of estimated production of all toluol and ammonium nitrate plants states that the International Harvester Company with 88 Wilputte ovens, 16" width, with a capacity of 12 tons, and an average coking time of 14.6 hours will carbonize 633,600 net tons annually, or 7,200 net tons per oven.

The International Harvester Company, by Mr. Perkins and Mr. Rose, have indicated they expect readily to equal the best performance of 0.6 gals. of toluol per ton. For the purpose of this demonstration, the Government will assume the evidence as favoring that position. Major M. S. Falk in his table indicates 0.5 as his estimate.

He also indicates 23 lbs. sulphate of ammonium per ton of coal. Several other companies are indicated capable of 25 lbs. per ton. For the purpose of this demonstration, the Government will again lean to the generous estimate.

Practice has seemed to demonstrate that 80 per cent production on the possible maximum is a generous allowance as a possibility.

With the above figures as a basis, therefore, we would determine the equitable sum due the International Harvester Company to be as follows:

633,600 net tons per year, of coal.

1,267,200 " " " " for two years.

1,267,200

80

1,013,760 tons--estimated production of coke.

.6 toluol per ton.

608,256.0 gals. of toluol.

1.325 difference in price.

608256

1824768

1216512

3041280

\$805,939.200 amt. due I. H. Co. for toluol.

1091 1,267,200 tons of coal,
25 per ton would yield

2534400

633600

31680000 lbs.

15,840 tons.

80

12672 net tons estimated production sulphate of ammonium
30 per ton.

\$380,160

805,939

\$1,186,099

Claim No. O-BC 1623

1092

WAR DEPARTMENT, ORDNANCE DEPARTMENT

Office of Ordnance District Chief, 155 East Superior Street, Chicago, Ill. Telephone
No. Superior 10160. Division. MG:JMD. To insure prompt attention in
replying refer to _____, No. _____, attention of _____.

MAY 29, 1919.

From: Special committee on this contract.

To: Chicago District Claims Board.

Subject: Recommendations by special committee on contract.

International Harvester Company of New Jersey—P10958-1120E

Toluol and sulphate of ammonia

Amount contracted

Amount delivered

Toluol output for 4 years, with option of Government cancelling at end
of 3 years. Note.

ESTIMATED PRODUCTION (FINANCE DIVISION), 2 YEARS

Toluol, 800,000 gals. @ \$1.50	\$1,200,000
Sulphate of ammonia, 24,000 tons @ \$100.00	2,400,000
	\$3,600,000
1093 Contractor's claim	\$1,000,424
Committee's recommendations	\$1,187,500

1. This contract called for the construction and operation, by the International Harvester Company of New Jersey, of 88 by-product coke ovens. From such operation the Government agreed to take the entire output of toluol and sulphate of ammonia for a period of four years, with the option, however, of cancelling at the expiration of two years. The Government agreed to pay \$1.50 per gallon for toluol and \$90.00 per ton for sulphate of ammonia. By the

terms of the contract operations were to start on or before September 26, 1919; however, about ten months prior to this time and while the plant was in the course of construction the armistice was signed; consequently the Government had no further use for toluol or sulphate of ammonia. The contractor primarily intended making claim for loss due to suspension based upon actual expenditures made and the obligations incurred for the completion of the plant, \$4,384,807, less the estimated value at normal costs, which was figured at \$25,000 per oven on 88 ovens, or \$2,200,000, which would leave the loss at \$2,184,807.

However, pursuant to a letter from Mr. E. A. Russell, 1094 chairman of the Chicago District Claims Board, the claim has been presented on the following basis: (a) Taking the value of the total output of toluol and sulphate of ammonia during a two-year period at the contract prices, and (b) deducting therefrom the estimated selling value of this output.

TOLUOL

	Claim as presented	Committee's computations
Turn of coal carbonized in 1 year	651,100	508,880
in 2 years	1,302,200	1,017,760
Gallons toluol per ton	8	.6
Total gallons toluol	651,100	608,256
Difference between contract and selling price	\$1.40	\$1.325
Due contractor on toluol	\$911,624	\$805,980.20

SULPHATE OF AMMONIA

Total coal carbonized in 2 years	1,302,200	1,017,760
Pounds sulphate of ammonia per ton	25	25
Total pounds sulphate of ammonia	26,955,000	25,444,000
Less	14,976	12,672
Difference between contract and selling price	\$50	\$50
Due contractor on sulphate of ammonia	\$748,800	\$390,160
	\$911,624	\$805,980.20
	748,800	380,160.00
Total claim	1,660,424	\$1,186,000.20
		1,660,424.00
		1,186,000.20
		\$474,324.80

From the above computation, your committee is of the opinion that the claim as presented is \$474,324.80 too high. Upon presenting our findings, the contractor offered, as a compromise, to accept \$1,250,000. Your committee then suggested that a discount of 5% for prompt payment should be made, which would leave the settlement figure at \$1,187,500. The contractor agreed to accept this amount.

Inasmuch as this amount is only \$1,400.80 in excess of your committee's computations, we recommend that settlement be made on the basis of an award of \$1,187,500.

2. No transfer of property to or from the Government is involved in this settlement.

3. Your committee submits this report after careful study and investigation and respectfully requests that this matter be given your early consideration.

J. H. PALMER,

Manager of Staff.

E. E. ARISON, *Chairman.*

Lt. Col. Ord. Dept., U. S. A.

MILTON GOODMAN.

1097

WAR DEPARTMENT, ORDNANCE DEPARTMENT

[Office of Ordnance District Chief, 155 East Superior Street, Chicago, Ill. Telephone No. Superior 10160. *Finance* Division. To insure prompt attention—No. ——— attention of ———.]

MAY 26, 1919.

International Harvester Co., P10958-1120E

Contract date, 7/26/18 (informal).

Supplemental agreement for advance payment, 8/13/18.

Total contract:

800,000 gals. toluol @ \$1.50 gal.

24,000 tons sulphate of ammonia @ \$90.00 T.

Allotment received 7/12/18, \$2,085,000.00.

Advance payment made to contractor, 4/14/19, \$1,000,000.00.

No deliveries.

Sureties: Demand note of contractor, \$1,000,000.00; U. S. Liberty bond, \$1,000,000.00. Deposited by contractor subject to order

1098 of War Credits Board.

FRANK W. DURYEA,

Major, Ord. Dept., U. S. A.

Ordnance Financial Manager.

1099

WAR DEPARTMENT, ORDNANCE DEPARTMENT

[Office of Ordnance District Chief, 155 East Superior Street, Chicago, Ill. Telephone No. Superior 10160. *Property* Division. To insure prompt attention in replying refer to—No. CTT/EC-216, Attention of ———, legal.]

CHICAGO, ILL., May 27, 1919.

From: Chicago District Property Office.

To: Mr. J. W. Ward, Chicago District Claims Board.

Subject: Status of International Harvester Co., Contract No. P10958-1120E.

1. The property return of the International Harvester Company was not carried according to contract, and is of such magnitude that it will be impossible to render report by contract.

CHICAGO DISTRICT PROPERTY OFFICE,

By C. Y. TONGWALD,

Lieut. Ord. U. S. A.,

District Property Mgr.

1100

[1st Ind.]

DKH/D

MAY 27, 1919.

Chicago District Property Office. To: Mr. J. W. Ward, Chicago District Claims Board, Chicago District Ordnance Office. Contract P10958-1120E.

1. The property office has no record of transactions with the International Harvester Company which involves increased facilities under this contract.

CHICAGO DISTRICT PROPERTY OFFICE,
By JAS. T. ST. CLAIR,
Captain, Ord., U. S. A.,
2nd Div. Property Officer.

1101

Petitioner's Exhibit (S) 133

INTERNATIONAL HARVESTER COMPANY—INCOME TAXES PAID, YEARS 1916 TO 1922

1916	\$900, 532. 05
1917	4, 342, 030. 44
1918	8, 560, 511. 23
1919	6, 780, 107. 46
1920	2, 224, 886. 22
1921	
1922	

1102

Petitioner's Exhibit (S) 134

INTERNATIONAL HARVESTER COMPANY—INTEREST PAID, 1916 TO 1922

	1916	1917	1918	1919	1920	1921	1922
Interest on loans per annual reports (A)	\$1, 495, 079	\$973, 821	\$982, 454	\$919, 437	\$642, 329	\$2, 348, 023	\$916, 812
Other interest paid (B):							
On pension fund	105, 406	118, 990	157, 107	158, 034	187, 895	212, 006	164, 530
On fire insurance fund	158, 175	192, 179	229, 465	252, 236	273, 445		
On employee savings accounts, etc.	61, 245	78, 032	165, 155	125, 468	100, 354	64, 809	73, 909
On trade creditor balances	48, 409	26, 730	38, 161	60, 171	157, 090	263, 174	119, 909
Premium on gold notes retired	216, 180	5, 440					
Total interest paid	\$2, 078, 064	\$1, 480, 972	\$1, 462, 342	\$1, 434, 209	\$1, 361, 074	\$2, 986, 192	\$1, 275, 221

Notes:

(A) The item "Interest on loans," shown separately in the income account in the annual report, includes interest paid on annual borrowings from banks, interest paid on gold notes, and interest paid on purchase money obligations.

(B) "Other interest paid" is not shown separately in the income account in the annual report, but is deducted before determining the item "Income from operations."

INTERNATIONAL HARVESTER COMPANY—SUMMARY OF TOTAL SALES, INCLUDING MACHINES, REPAIRED, TRUCKS, STEEL, LUMBER, FIBER, ETC., UNITED STATES, YEARS 1903 TO 1912

UNITED STATES VS. INTERNATIONAL HARVESTER CO.

	1903		1904		1905		1906		1907	
	Prompts	%	Prompts	%	Prompts	%	Prompts	%	Prompts	%
Old line business										
Grain harvesters (including row binders)	\$10,302,000	20.2	\$9,443,322	22.5	\$9,741,264	22.4	\$9,140,860	19.3	\$9,000,120	16.5
Reapers	203,000		194,000		194,000		194,000		194,000	
Push binders, binders (including binding and elevator attachments)	7,679,918	15.4	472,772	1.2	718,446	1.9	701,009	1.7	127,055	0.3
Mowers	2,714,442	5.5	6,490,082	15.1	5,770,706	14.9	5,201,609	11.7	4,816,107	9.5
Stackers, cutters	2,700,443	5.5	3,114,953	7.9	3,395,241	8.9	3,608,692	8.3	2,800,552	5.7
Comb binders	1,700,465	3.4	1,127,970	2.9	1,022,440	2.7	1,311,307	3.0	2,067,332	4.3
Attachments									1,952,124	4.2
Total old line machines and attachments	\$22,400,907	36.1	\$19,235,124	52.2	\$18,418,264	47.7	\$18,036,470	39.4	\$20,208,793	37.4
Repairs	2,895,115	5.9	2,500,807	6.9	2,441,083	6.0	2,173,628	4.6	2,151,009	4.0
Total old line business	\$25,296,022	42.0	\$21,735,931	60.1	\$20,859,347	53.7	\$20,210,098	44.0	\$22,359,802	41.4
New line business										
Grain machines (harvesters, threshers, grain shockers, strip pers, etc.)										
Grain machines (harvesters, side cutters & binders, mowing machines, hay tedders, etc.)	\$200,027	0	\$440,320	1.2	1,118,335	2.9	\$1,240,200	2.8	\$1,532,330	2.9
Grain machines (threshers, side cutters, mowing machines, etc.)	1,000,800	2.0	593,062	1.6	427,909	1.1	402,778	1.0	635,554	1.1
Trucks (including)	102,701	0.2	146,111	0.4	776,621	2.0	1,062,014	2.3	1,126,794	2.1
Engines			50,000	0.1	1,274,616	3.3	3,094,303	6.4	3,004,100	5.7
Tractors							12,011		3,155,065	5.8
Motor trucks										
Wagon and parts										
Plows										
Machineries (cotton pickers, mowers, sprayers, etc., and attachments)										
Total new line business and attachments	\$1,302,536	2.6	\$1,834,098	5.0	\$4,173,491	10.6	\$8,404,900	18.2	\$10,358,842	19.2
Repairs	300,000	0.6	227,412	0.6	323,245	0.8	1,151,046	2.5	1,401,640	2.6
Total new line business	\$1,602,536	3.2	\$2,061,510	5.6	\$4,496,736	11.4	\$9,555,946	20.7	\$11,760,482	21.8
Total machines, attachments, and repairs	\$26,898,558	45.2	\$23,797,441	65.7	\$25,356,083	65.1	\$29,766,044	64.6	\$34,120,284	63.2
Trucks										
Attachments, parts, and repairs										
Steel, lumber, etc.										
Grand total	\$40,796,110	100.0	\$35,588,881	100.0	\$39,852,164	100.0	\$59,322,088	100.0	\$68,280,766	100.0

	1908		1909		1910		1911		1912	
	Proceeds	%	Proceeds	%	Proceeds	%	Proceeds	%	Proceeds	%
Old-line business										
Drain machines (including five binders)	\$6,000,000	16.6	\$6,300,279	16.0	\$10,000,000	15.0	\$10,027,042	16.0	\$11,700,000	15.7
Reapers	138,700	3.5	132,300	3.2	142,100	2.1	147,300	2.2	154,700	2.0
Mail machines (including binding and elevator attachments)	671,041	1.7	755,707	1.9	1,045,174	1.6	1,178,920	1.7	1,230,000	1.6
Reapers	3,770,314	12.1	4,000,000	10.3	6,136,445	9.1	5,237,870	8.0	5,735,000	7.5
Reapers	1,400,000	3.6	1,400,000	3.5	1,907,160	2.9	1,690,018	2.5	1,660,000	2.2
Combines	1,000,000	2.6	1,010,116	2.7	2,579,871	3.8	3,050,000	4.5	2,800,000	3.6
Attachments	267,075	.7	308,000	.8	300,000	.4	470,000	.7	500,000	.6
Total old-line business and attachments	\$14,740,000	35.0	\$14,072,721	34.3	\$22,300,017	33.2	\$22,700,000	34.0	\$23,000,000	31.7
Reapers	2,000,000	4.4	2,000,000	3.9	2,261,700	3.4	2,270,700	3.4	2,700,000	3.6
Total old-line business	\$14,700,000	36.6	\$12,314,109	30.2	\$19,000,000	28.0	\$19,000,000	28.0	\$19,000,000	25.3
New-line business										
Grain machines (harrows, threshers, chaffers, grain choppers, strip pers, etc.)	\$200,000	4.3	\$1,917,374	3.3	\$2,200,000	3.4	\$1,901,000	3.0	\$2,300,000	3.0
Grain machines (threshers, side rolls & rollers, sweep rollers, hay loaders, hay presses, etc.)	380,073	8.2	425,510	1.1	470,000	7.3	470,000	7.3	490,000	6.4
Grain machines (threshers, side rolls & rollers, sweep rollers, hay loaders, hay presses, etc.)	1,132,402	2.4	1,700,000	3.1	2,000,000	3.1	2,100,000	3.3	2,200,000	2.9
Grain machines (threshers, side rolls & rollers, sweep rollers, hay loaders, hay presses, etc.)	2,410,000	5.5	3,137,521	5.4	3,300,000	5.0	3,711,000	5.7	3,800,000	5.0
Grain machines (threshers, side rolls & rollers, sweep rollers, hay loaders, hay presses, etc.)	1,000,000	2.2	1,000,000	2.2	1,000,000	1.5	1,000,000	1.5	1,000,000	1.3
Grain machines (threshers, side rolls & rollers, sweep rollers, hay loaders, hay presses, etc.)	2,000,000	4.7	2,000,000	5.0	2,000,000	3.0	2,000,000	3.0	2,000,000	2.6
Grain machines (threshers, side rolls & rollers, sweep rollers, hay loaders, hay presses, etc.)	4,000,000	8.5	6,300,000	10.7	7,100,000	10.7	7,100,000	10.7	7,100,000	9.2
Total new-line business and attachments	\$11,000,000	27.3	\$17,700,000	39.6	\$21,170,000	31.6	\$20,000,000	31.2	\$22,000,000	29.0
Reapers	1,000,000	2.3	1,000,000	2.3	1,000,000	1.5	1,000,000	1.5	1,000,000	1.3
Total new-line business	\$11,000,000	30.6	\$18,700,000	33.8	\$22,300,000	34.9	\$20,000,000	33.1	\$23,000,000	31.4
Total machines, attachments, and repairs	\$25,740,000	70.0	\$32,072,721	72.0	\$43,170,017	71.4	\$42,000,000	73.1	\$46,000,000	60.9
Twine	7,000,000	16.4	7,217,457	12.3	7,000,000	11.5	7,217,457	11.2	7,000,000	9.3
Purchased goods	670,207	1.0	800,000	1.4	1,000,000	1.6	1,000,000	1.6	1,000,000	1.3
Steel, lumber, floor, etc.	\$41,000,000	87.6	\$50,000,000	85.7	\$50,000,000	84.4	\$50,000,000	85.5	\$50,000,000	66.9
Grand total	\$47,700,000	100.0	\$49,000,000	100.0	\$60,000,000	100.0	\$60,000,000	100.0	\$60,000,000	100.0

INTERNATIONAL HARVESTER COMPANY.—SUMMARY OF TOTAL SALES, INCLUDING MACHINES, REPAIRS, TOWNS, ETC.—Continued

1917	1916		1915		1914		1913	
	Amount	%	Amount	%	Amount	%	Amount	%
Old-line business								
Grain harvesters (including tow harvesters)	\$10,131,979	13.0	\$10,036,991	15.2	\$12,121,025	16.6	\$12,121,025	16.6
Hay harvesters	121,067	0.2	105,067	0.2	90,754	1.0	90,754	1.0
Push harvesters, binders (including binding and elevating attachments)	835,501	1.1	1,032,430	1.5	1,217,823	1.7	1,217,823	1.7
Mowers	5,000,540	7.2	4,847,340	7.0	5,180,440	7.0	5,180,440	7.0
Reapers	1,027,280	1.3	1,353,654	2.0	1,315,672	1.8	1,315,672	1.8
Grain binders	3,306,063	4.3	3,120,527	4.5	3,441,323	4.7	3,441,323	4.7
Attachments	173,400	0.2	696,650	1.0	173,041	0.2	173,041	0.2
Total old-line business and attachments	\$22,117,434	29.4	\$21,577,160	31.0	\$23,050,435	31.2	\$23,050,435	31.2
Reapers	2,780,643	3.7	3,228,050	4.6	3,580,435	4.8	3,580,435	4.8
Total old-line business	\$20,848,077	27.9	\$21,400,110	30.6	\$23,319,620	30.0	\$23,319,620	30.0
New-line business								
Grain harvesters (harvesters, threshers, grain shockers, strip pers, etc.)	\$2,291,360	3.0	\$2,241,120	3.2	\$2,303,774	3.1	\$2,303,774	3.1
Grain combine harvesters, side racks and loaders, straw racks, hay harvesters, hay presses, etc.)	1,400,051	1.9	1,190,061	1.7	1,737,431	2.3	1,737,431	2.3
Corn harvesters (threshers, side racks and loaders, straw racks, hay harvesters, hay presses, etc.)	2,413,008	3.2	2,472,064	3.4	2,178,030	2.9	2,178,030	2.9
Trucks (specialized)	331,338	0.4	460,564	0.6	430,780	0.6	430,780	0.6
Trucks, grain, and mowing machines	3,793,007	5.0	3,045,007	4.3	2,400,210	3.2	2,400,210	3.2
Trucks	2,274,702	3.0	3,303,840	4.5	3,315,141	4.4	3,315,141	4.4
Tractors	2,000,017	2.7	1,194,792	1.7	1,335,460	1.8	1,335,460	1.8
Mower and grain	3,370,062	4.5	3,290,401	4.6	1,790,420	2.4	1,790,420	2.4
Trucks	4,402,672	5.9	3,636,260	5.0	3,186,600	4.3	3,186,600	4.3
Machinery (grain separators, mowers, spreaders, etc., and attachments)	\$22,340,671	29.5	\$17,633,067	24.0	\$19,180,007	25.6	\$19,180,007	25.6
Total new-line business and attachments	2,743,677	3.7	2,694,067	3.8	2,694,067	3.6	2,694,067	3.6
Reapers	\$24,000,540	32.0	\$20,600,201	28.4	\$22,170,564	30.1	\$22,170,564	30.1
Total new-line business	\$40,004,025	53.0	\$41,202,120	56.0	\$44,005,302	58.8	\$44,005,302	58.8
Total machines, attachments, and repairs	12,805,237	16.8	13,146,000	17.8	12,190,522	16.6	12,190,522	16.6
Trucks	4,306,511	5.7	3,909,730	5.3	3,631,200	4.9	3,631,200	4.9
Tractors	\$60,000,379	80.0	\$62,356,026	84.2	\$64,743,122	87.0	\$64,743,122	87.0
Attachments	11,223,543	14.6	7,437,102	10.1	6,878,716	9.3	6,878,716	9.3
Grand total	\$77,925,916	100.0	\$80,000,130	100.0	\$87,025,635	100.0	\$87,025,635	100.0

	1918		1919		1920		1921		1922		1923	
	Proceeds	%	Proceeds	%	Proceeds	%	Proceeds	%	Proceeds	%	Proceeds	%
Old-line business												
Grain binders (including new binders)	\$11,167,517	7.1	\$17,147,444	10.6	\$12,706,154	7.4	\$1,436,646	6.4	\$4,644,753	4.9	\$4,727,552	4.4
Reapers	164,162	1	83,962	1	112,564	1	44,873	1	38,912		37,265	
Path binders, binders (including hand-binding and other attachments)	1,813,981	8	1,790,244	1.1	1,406,009	8	892,060	1.2	518,098	6	323,444	3
Mowers	5,279,263	3.3	5,139,845	3.3	6,572,246	4.9	2,485,031	3.2	3,572,449	3.6	4,163,761	3.9
Reapers, mowers	1,800,337	8	1,523,435	8	1,523,741	9	3,448,708	1.7	6,774,289	7	817,819	8
Grain binders	5,079,864	2.0	2,687,663	1.7	3,554,069	2.1	933,560	1.2	1,294,114	1.4	1,959,933	1.8
Attachments	619,190	3	1,031,491	6	612,029	4	238,871	3	237,582	2	264,137	2
Total old-line machines and attachments	\$22,719,828	14.4	\$29,212,082	18.1	\$23,684,058	13.7	\$5,598,645	11.1	\$10,981,511	11.6	\$12,243,612	11.4
Reapers	3,136,124	2.6	4,686,781	2.5	3,967,653	2.4	2,721,434	3.1	2,352,553	2.5	2,685,737	2.4
Total old-line business	\$25,856,952	16.4	\$33,331,465	20.6	\$27,592,561	16.1	\$11,290,089	14.6	\$13,364,104	14.1	\$14,929,349	13.8
New-line business												
Grain machines (harvester threshers, threshers, grain shockers, striggers, etc.)	\$2,290,608	1.5	\$1,873,373	1.2	\$3,508,116	2.1	\$2,300,963	3.1	\$1,408,030	1.5	\$731,512	.7
Grain machines (threshers, side rake and rollers, reaper mowers, hay loaders, hay presses, etc.)	3,710,400	1.7	2,985,440	1.8	3,196,191	1.9	1,729,222	2.2	2,020,147	2.2	2,178,068	2.0
Corn machines (threshers, ensilage cutters, pickers, shellers, etc.)	2,603,270	1.9	2,583,131	1.6	2,725,067	2.3	1,424,107	1.9	1,891,018	1.8	2,883,768	2.7
Tillage implements	4,724,564	3.0	5,185,131	3.3	3,059,102	5.5	4,128,420	3.4	4,078,926	4.3	6,343,374	5.8
Planters, drills, and seedling machines	463,775	3	472,013	3	3,033,833	2.4	1,448,929	1.5	1,249,371	1.3	1,633,800	1.6
Engines	3,667,583	1.9	3,694,438	2.3	4,142,067	2.6	2,140,139	2.8	1,713,280	1.8	1,530,440	1.4
Tractors	15,292,083	9.7	18,032,196	11.7	17,920,698	10.9	5,225,256	6.8	10,971,212	11.6	8,510,925	7.8
Motor trucks	11,583,769	7.3	11,042,977	6.8	9,978,620	5.1	3,139,143	3.8	12,456,676	13.2	11,782,274	10.9
Wagons and gears	2,313,565	1.5	1,742,981	2.3	4,042,210	2.5	4,533,545	6	783,193	8	1,944,710	1.8
Motors, pumps, sprayers, etc., and attachments	3,219,219	3.8	1,432,466	.9	4,373,734	2.6	1,223,598	1.6	977,060	1.0	1,467,867	1.4
Total new-line machines and attachments	\$53,504,876	32.4	\$59,924,619	37.0	\$74,270,439	43.2	\$30,283,176	39.2	\$45,333,953	48.0	\$48,025,569	44.3
Reapers	7,037,638	4.5	8,383,903	5.2	11,194,145	6.5	6,617,941	12.5	9,833,872	10.4	10,534,724	9.7
Total new-line business	\$57,972,514	36.9	\$68,308,522	42.2	\$85,464,604	52.0	\$39,001,117	51.7	\$55,168,915	58.4	\$58,560,296	54.0
Total	\$83,831,464	53.3	\$101,637,365	62.8	\$113,253,165	78.1	\$51,191,216	66.3	\$69,333,019	72.5	\$73,803,177	67.8
Twines	30,828,833	19.6	31,011,509	19.2	19,693,693	12.0	14,871,515	19.3	12,019,466	12.7	12,321,548	11.4
Processed goods	5,283,516	3.3	6,524,767	4.0	3,457,420	2.1	1,427,177	1.9	1,454,217	1.5	1,156,765	1.0
Feed, lumber floor, etc.	919,941,833	75.2	1,139,173,641	86.0	\$138,440,245	84.2	\$67,473,908	87.5	\$92,006,672	96.7	\$86,978,189	80.2
	37,436,962	23.8	22,667,079	14.0	2,003,134	15.8	9,052,174	12.5	1,474,495	13.3	21,498,090	19.6
Grand total	\$137,438,735	100.0	\$161,839,320	100.0	\$164,448,379	100.0	\$77,142,062	100.0	\$94,461,167	100.0	\$108,446,136	100.0

INTERNATIONAL HARVESTER COMPANY—COMPARATIVE STATEMENT OF SURPLUS,
YEARS 1916 TO 1922

	1916	1917	1918	1919	1920	1921	1922
Balance of January 1	\$47,438,564	\$54,541,744	\$62,031,817	\$68,030,002	\$71,645,389	\$68,330,742	\$59,120,700
Add: Net profit	12,782,190	14,000,160	14,985,325	12,039,727	10,655,553	4,149,910	3,540,708
	60,220,754	68,541,904	77,017,142	80,069,729	82,300,942	72,480,652	62,661,408
Deduct: Dividends—							
Cash—							
Preferred	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,211,675	4,211,675
Common	2,000,000	2,000,000	2,000,000	2,000,000	2,700,000	2,112,780	2,047,620
	6,200,000	6,200,000	6,200,000	6,200,000	6,900,000	6,324,455	6,259,295
Stock—							
Common 12½					10,000,000		
Common 2 per cent (cumulative)						3,945,416	3,902,300
	0	0	0	0	10,000,000	3,945,416	3,902,300
Balance of December 31	\$54,041,744	\$62,541,904	\$69,030,062	\$71,645,389	\$68,330,942	\$68,330,742	\$59,120,700

INTERNATIONAL HARVESTER COMPANY—SUMMARY OF INCOME ACCOUNT FOR YEAR
1916

	Machines and repairs		Twine, wire, purchased goods, etc.		Steel products, etc.
	United States	Foreign	United States	Foreign	
Gross sales	\$46,260,154	\$11,919,045	\$23,196,404	\$14,902,182	\$17,496,700
Less: Freight and duty	1,026,516	4,479,399	174,372	1,292,087	
Sales proceeds	\$45,233,638	\$11,439,646	\$22,022,032	\$13,610,095	\$17,496,700
Deduct:					
Cost of sales	30,000,700	14,311,369	18,765,287	10,162,490	10,643,813
Sales and service exp.	11,815,812	5,096,449	692,321	1,227,210	
Income taxes	100,700	130,207	80,000	60,437	137,000
Interest paid	743,000	508,181	371,960	239,201	373,300
Operating profit	\$2,583,426	\$1,493,440	\$1,907,524	\$1,940,185	\$6,482,587
Total operating profit					\$17,582,587
Add:					
Interest received					\$3,114,500
Income earned					377,370
Earnings on railroad operations					100,000
					3,062,430
Deduct:					
Foreign war losses					\$3,957,000
Exchange losses					642,909
					4,600,000
Deduct:					
Reserves and appropriations—					
Provision for pension fund					\$400,000
Provision for fire insurance fund					300,000
Provision to meet future collection cost of reorganization					200,000
Provision to meet obligations under company's employee savings plan					300,000
Provision for Federal taxes in excess of income taxes paid					120,000
Provision for extraordinary repairs and renewals					310,000
					1,530,000
Net profit					\$13,782,587

1108 INTERNATIONAL HARVESTER COMPANY—SUMMARY OF INCOME ACCOUNT FOR YEAR 1917

	Machines & repairs		Twine, fibre, purchased goods, etc.		Steel products, etc.
	United States	Foreign	United States	Foreign	
Gross sales	\$62,585,919	\$30,988,179	\$37,169,020	\$20,245,517	\$27,087,611
Less: Freight & duty	1,115,382	3,534,145	102,880	1,208,498	
Sales proceeds	\$61,470,537	\$27,454,034	\$37,066,141	\$19,037,019	\$27,087,611
Deduct:					
Cost of sales	42,071,027	19,233,423	21,582,450	13,505,888	15,616,077
Sales and service exp.	12,756,455	4,148,707	1,300,959	1,401,438	
Income tax	196,167	203,291	177,777	211,088	2,553,207
Interest paid	533,110	296,555	322,084	168,357	112,206
Operating profit	\$5,712,798	\$3,569,068	\$3,632,261	\$3,749,748	\$7,805,461
Total operating profit					\$24,402,266
Add:					
Interest received				\$3,114,298	
Discount earned				487,143	
Earnings on railroad operations				58,418	
					\$3,659,861
Deduct:					\$25,062,127
War losses				\$9,586,103	
Exchange losses				43,327	
					\$9,629,430
Deduct:					\$15,432,687
Reserves and appropriations:					
Provision for pension fund				\$750,000	
Provision for fire insurance fund				200,000	
Provision to meet future collection cost of receivables				100,000	
Provision to meet obligations under company's employees' savings plan				250,000	
Provision for extraordinary repairs and renewals				200,000	
Provision for Federal taxes in excess of income taxes paid				2,725,094	
					4,425,094
Net profit					\$14,306,593

1109 INTERNATIONAL HARVESTER COMPANY—SUMMARY OF INCOME ACCOUNT FOR YEAR 1918

	Machines and repairs		Twine, fibre, purchased goods, etc.		Steel products, etc.
	United States	Foreign	United States	Foreign	
Gross sales	\$65,831,484	\$31,057,187	\$57,719,868	\$16,022,478	\$28,000,184
Less: Freight & duty	838,511	3,646,437	126,781	1,733,998	
Sales proceeds	\$64,992,973	\$27,410,750	\$57,593,117	\$14,288,478	\$28,000,184
Deduct:					
Cost of sales	33,232,276	17,364,529	16,170,187	11,275,252	18,696,072
Sales and service exp.	14,277,046	4,682,055	1,547,773	1,040,015	
Income taxes	2,360,343	411,108	988,036	113,971	4,746,027
Interest paid	650,837	267,000	430,020	79,787	165,170
Operating profit	\$12,252,837	\$4,123,958	\$5,487,121	\$1,672,480	\$4,401,895

1109 INTERNATIONAL HARVESTER COMPANY—SUMMARY OF INCOME ACCOUNT FOR
YEAR 1918—Continued

Total operating profit	\$28,084,312
Add:	
Interest received	\$2,474,427
Discount earned	675,742
Exchange gains	92,398
	\$3,242,567
Deduct:	
War losses	\$10,478,000
Loss on sale of Liberty bonds	492,100
Loss on railroad operations	195,580
	11,165,680
	\$20,161,299
Deduct:	
Reserves and appropriations—	
Provision for pension fund	\$1,000,000
Provision to meet obligations under company's employer's savings plan	200,000
Provision for Federal taxes in excess of income taxes paid	4,000,914
	5,200,914
Net profit	\$14,956,215

1110 INTERNATIONAL HARVESTER COMPANY—SUMMARY OF INCOME ACCOUNT FOR
1919

	Machines & repairs		Twine, disk, purchased goods, etc.		Steel products, etc.
	United States	Foreign	United States	Foreign	
Gross sales	\$30,027,380	\$27,438,372	\$31,661,600	\$12,450,187	\$17,687,220
Less: Freight & duty	1,608,070	2,808,182	227,687	779,657	
Sales proceeds	\$28,419,310	\$24,630,190	\$31,433,913	\$11,670,530	\$17,687,220
Deduct:					
Cost of sales	\$2,544,772	\$4,164,024	\$4,009,172	\$5,739,739	\$3,582,084
Sales and service exp.	14,380,087	5,408,040	2,119,177	679,430	
Interest from	5,174,879	624,847	1,330,476	240,430	617,085
Interest paid	484,194	202,649	247,117	90,303	90,244
Operating profit	\$11,055,966	\$12,681,320	\$15,717,627	\$803,611	\$14,428,156
Total operating profit					\$32,113,404
Add:					
Interest received				\$2,377,194	
Discount earned				675,900	
					3,053,094
Deduct:					\$28,060,300
Exchange losses				\$3,945,384	
War losses				7,041,890	
Loss on railroad operations				61,514	
					11,048,774
					\$14,467,286
Deduct:					
Reserves and appropriations—					
Provision for pension fund				\$1,000,000	
Provision for Federal taxes in excess of income taxes paid				689,100	
					1,689,100
Net profit					\$14,956,215

1111 INTERNATIONAL HARVESTER COMPANY—SUMMARY OF INCOME ACCOUNT FOR YEAR 1920

	Machines & repairs		Twine, fibre, purchased goods, etc.		Steel products, etc.
	United States	Foreign	United States	Foreign	
Gross sales	\$115,253,164	\$48,456,709	\$36,366,265	\$12,543,958	\$27,837,499
Less: Freight & duty	2,056,550	5,476,075	146,323	719,456	
Sales proceeds	\$113,197,614	\$42,980,634	\$36,220,942	\$11,824,502	\$27,837,499
Deduct:					
Cost of sales	\$6,528,564	\$6,844,085	\$1,446,980	\$,670,404	\$6,147,874
Sales and service exp.	18,321,989	6,812,306	1,573,515	817,263	
Income taxes	346,730	399,292	144,851	136,776	1,067,230
Interest paid	600,955	296,805	217,526	74,258	81,510
Operating profit	\$4,409,380	\$4,637,546	\$2,870,626	\$1,722,760	\$6,800,873
Total operating profit					\$18,940,633
Add:					
Interest received				\$2,301,867	
Dividend earned				781,937	
					3,083,804
Deduct:					\$23,024,409
Exchange losses				\$3,667,173	
Loss on railroad operations				170,202	
					4,107,375
Deduct:					\$18,917,094
Reserves and appropriations					
Provision for pension fund				\$300,000	
Provision for Federal income tax in excess of income taxes paid				1,761,741	
					2,061,741
Net profit					\$16,650,332

1112 INTERNATIONAL HARVESTER COMPANY—SUMMARY OF INCOME ACCOUNT FOR YEAR 1921

	Machines & repairs		Twine, fibre, purchased goods, etc.		Steel products, etc.
	United States	Foreign	United States	Foreign	
Gross sales	\$14,191,210	\$32,989,697	\$18,766,809	\$11,111,892	\$10,992,123
Less: Freight & duty	1,979,900	5,546,430	112,817	417,945	
Sales proceeds	\$12,211,310	\$27,443,267	\$18,653,992	\$10,693,947	\$10,992,123
Deduct:					
Cost of sales	\$6,518,176	\$1,696,867	\$1,721,230	\$,182,416	\$6,342,006
Sales & service expenses	15,123,602	6,281,636	1,193,112	774,776	
Income taxes					
Interest paid	1,213,861	809,254	432,029	289,019	63,500
Operating profit or loss	\$2,659,731	\$9,655,500	\$2,328,611	\$1,447,726	\$4,580,117
Net operating loss					\$731,841
Add:					
Interest received				\$2,512,964	
Dividend earned				275,000	
Earnings on railroad operations				69,558	
Exchange gains				2,008,872	
					4,866,394
Net profit					\$4,148,276

1113 INTERNATIONAL HARVESTER COMPANY—SUMMARY OF INCOME ACCOUNT FOR YEAR 1922

	Machines & repairs		Twine, fibre, purchased goods, etc.		Steel products, etc.
	United States	Foreign	United States	Foreign	
Gross sales	\$68,555,011	\$25,045,136	\$18,153,270	\$9,827,290	\$12,573,002
Less: Freight & duty	1,450,000	2,098,710	123,134	607,127	
Sales proceeds	\$67,075,010	\$22,946,416	\$17,930,136	\$9,220,163	\$12,573,002
Deduct:					
Cost of sales	22,106,181	18,510,580	15,790,519	7,030,233	12,226,201
Sales and service exp.	17,290,136	8,129,519	1,369,607	963,290	
Interest paid	658,225	274,170	175,982	95,642	61,211
Operating profit or loss	\$2,060,528	\$4,052,027	\$992,044	\$1,043,000	\$285,590
Total operating profit					\$285,590
Add:					
Interest received				\$2,220,389	
Discount earned				237,494	
Earnings on railroad operations				272,369	
Exchange gains				1,942,263	
					4,780,712
Net profit					\$5,066,302

1114

Petitioner's Exhibit (S) 138

INTERNATIONAL HARVESTER COMPANY—STATEMENT OF INCOME TAXES (A) AS PAID AND (B) AS FINALLY ADJUSTED, 1913 TO 1919

	(A)	(B)
1913	\$139,290.67	\$228,696.00
1914	150,747.40	144,522.82
1915	263,191.90	197,136.00
1916	620,073.40	590,477.01
1917	4,342,030.44	3,900,713.61
1918	6,000,011.22	7,079,802.13
1919	6,790,197.47	6,171,280.00

NOTE.—The above taxes are mainly United States income and excess-profits taxes, but also include Canadian and other foreign income taxes not included in operating costs.

The U. S. taxes for the above years were finally adjusted on the above basis within the last ten days of each year having been received April 28, 1924.

The U. S. tax returns since 1919 have not yet been audited.

1115

Petitioner's Exhibit (S) 139

INTERNATIONAL HARVESTER COMPANY—ESTIMATED APPORTIONMENT OF CAPITAL INVESTED IN DOMESTIC AND FOREIGN BUSINESS, YEARS 1913 TO 1922

	Machines, repairs, tools, purchased goods, etc.		Steel products, etc.	Total
	Domestic	Foreign		
January 1, 1913	\$75,000,000	\$75,000,000	\$24,000,000	\$174,000,000
January 1, 1914	74,000,000	80,000,000	24,000,000	178,000,000
January 1, 1915	82,000,000	77,000,000	24,000,000	183,000,000
January 1, 1916	79,000,000	84,000,000	24,000,000	187,000,000
January 1, 1917	91,000,000	79,000,000	24,000,000	194,000,000
January 1, 1918	102,000,000	75,000,000	24,000,000	201,000,000
January 1, 1919	113,000,000	70,000,000	25,000,000	208,000,000
January 1, 1920	106,000,000	76,000,000	26,000,000	211,000,000
January 1, 1921	112,000,000	74,000,000	22,000,000	211,000,000
January 1, 1922	108,000,000	74,000,000	22,000,000	211,000,000

Note.—The investment in steel business and other raw material properties shows these properties at their actual book value plus the sum of \$5,000,000, representing the minimum working capital. The balance of the net investment of the company has been divided between the domestic and foreign business as follows: The investment in the foreign business represents all investments in foreign countries (plants, inventories, receivables, and cash) plus that portion of the value of domestic plants and inventories which the value of the foreign shipments from said plants bears to the total shipments. After deducting the foreign investment computed in this manner, the balance of the capital and surplus has been taken as the investment in the domestic business. This computation has been made at the request of the Government and is arbitrary, as the company has not found it possible to make any such division in its accounts.

1116

Petitioner's Exhibit (S) 140

INTERNATIONAL HARVESTER COMPANY—STATEMENT SHOWING ORIGINAL CAPITAL STOCK AND AMOUNTS SINCE ISSUED, OCTOBER 1, 1902, TO DECEMBER 31, 1922

Capital stock at October 1, 1902

\$120,000,000

	Preferred	Common	Total
On January 1, 1907, the capital stock was divided into preferred and common stock as follows:			
There has been issued:—			
January 20, 1909, common stock (stock dividend)		20,000,000	20,000,000
September 15, 1909, common stock "		10,000,000	10,000,000
May 2, 1921, stock issued to employee (under extra compensation and stock ownership plan)	225,000	470,700	695,700
January 25, 1921, common stock (stock dividend)		1,800,000	1,800,000
July 20, 1921, common stock "		1,845,414	1,845,414
January 20, 1922, common stock "		1,682,322	1,682,322
July 25, 1922, common stock "		1,919,908	1,919,908
Capital stock at December 31, 1922	\$60,225,000	\$97,919,404	\$158,144,404

Note.—In January, 1913, the capital stock of the International Harvester Company was divided equally between the International Harvester Company of New Jersey and the International Harvester Corporation, each having \$60,000,000 preferred stock and \$60,000,000 common stock par value. In September, 1918, these two companies were merged into the International Harvester Company with a capital stock equal to the sum of the capital stock of the two merged companies—\$11, \$60,000,000 preferred stock and \$98,000,000 common stock, par value.

1117

Petitioner's Exhibit (8) 141

INDEX NUMBERS—WHOLESALE PRICES NEW LINE MACHINES, 1913-1925

Statement showing wholesale prices of certain new-line machines, 1913-1925, compared with prices in force January 1, 1913, as appears from Exhibit D (8) 20, part 2 expressed in index numbers computed by the Government (on basis of 100 for prices January 1, 1913)

Date effective	3-bar S. D. rake	4-bar tredder	Com- bined side-dial rake and tredder	1 A caneop- rake	Hay stacker, swinging	6-bar hay loader
	1	2	3	4	5	6
1913, January	100	100	100	100	100	100
1914, March	104	113	110	114	119	111
1914, December	104	120	120	120	121	120
1917, February	130	130	132	150	150	150
1917, September	167	161	160	211	212	200
1919, November	161	161	165	211	212	210
1920, April	177	204	170	224	224	207
1920, November	177	204	170	224	224	207
1921, April	170	184	182	218	224	200
1922, October	130	150	138	180	180	160
1923, February	130	172	152	200	210	180
1923, May	132	180	162	220	200	170

Date effective	10 x 18 hay press	4-roll stacker	Stack cutter 5-blade	4 1/2 rollwa- ter	18 x 36 separator disk harrow	17-7 spring harrow
	7	8	9	10	11	12
1913, January	100	100	100	100	100	100
1914, March	110	100	102	114	120	111
1914, December	117	102	112	127	125	120
1917, February	130	132	137	150	150	150
1917, September	160	170	160	218	217	200
1919, November	170	184	180	218	217	210
1920, April	170	202	200	240	220	200
1920, November	180	202	200	244	220	202
1921, April	192	192	194	220	220	210
1922, October	130	142	147	178	180	160
1923, February	130	164	162	190	180	160
1923, May	130	168	170	210	180	170

Date effective	20-in. T peg harrow	F & O 14" walking plow - F	22 F & O 14" walking plow	Knife grinder	Feed grinder, type 18
	13	14	15	16	17
1913, January	100	100	100	100	100
1914, March	110	110	110	110	110
1914, December	117	110	117	120	111
1917, February	130	137	137	150	150
1917, September	160	170	160	218	217
1919, November	170	184	180	218	217
1920, April	170	202	200	240	220
1920, November	180	202	200	244	220
1921, April	192	192	194	220	220
1922, October	130	142	147	178	180
1923, February	130	164	162	190	180
1923, May	130	168	170	210	180

1120 WHOLESALE PRICES OLD LINE 1914-1923, COMPARED WITH 1913

(statement showing wholesale prices of certain old-line machines, 1914-1923, as compared with prices in base January, 1913, as shown by Exhibit D (S) 20, part 2, expressed in index numbers computed by the Government (on basis of 100 for prices of January 1, 1913).]

Date effective	8-foot grain binder	8-foot reaper	12-foot push header	12-foot push harvester	Corn binder
	1	2	3	4	5
1913, January	100	100	100	100	100
1915, March	104	104	107	108	105
1915, December	113	113	117	118	115
1917, February	123	127	150	154	127
1917, September	162	169	190	192	171
1918, November	194	194	190	181	161
1920, April	160	170	166	158	177
1920, November	178	191	208	208	190
1921, April	180	172	187	188	168
1921, October	196	184	198	190	182
1922, February	144	164	175	168	163
1923, May	152	180	185	179	159

1121 *Petitioner's Exhibit 262*

KIND AND NUMBER OF IMPLEMENTS MANUFACTURED BY INTERNATIONAL HARVESTER CO., SEASONS 1903 TO 1911, AT UNITED STATES WORKS

	1903	1904	1905	1906	1907	1908	1909	1910	1911
Grain machines									
Binders	184,817	87,371	162,822	108,099	117,854	104,547	109,294	125,392	145,581
Reapers	41,306	45,686	37,365	36,456	32,262	43,425	43,971	42,179	65,564
Reapers, two-wheel			14	20	4,070	571	1,000	617	244
Headers and push binders	1,060	1,181	11,024	9,543	11,914	12,720	16,800	13,963	9,574
Grainstackers		108	717	1,115	800	452	151	928	1,000
Grass machines									
Mowers	118,545	221,190	230,877	213,200	280,764	276,249	279,589	290,526	241,285
Makes	230,606	167,838	123,194	131,403	154,418	161,939	156,010	150,236	142,990
Makes, side-delivery				4,561	8,000	10,112	30,755	10,102	6,408
Hay loaders				6,138	7,444	8,008	7,217	8,727	11,256
Feeders	0,107	16,415	31,152	31,470	19,734	21,186	25,184	16,254	15,419
Swing rakes		1,829	11,973	7,102	6,098	13,065	17,231	23,001	11,820
Hay stackers		801	4,055	1,813	3,411	3,940	4,160	8,707	1,824
Combined swing rakes and stackers									
Hay presses		40	2,626	3,008	2,516	3,687	3,019	4,318	6,277
Corn machines									
Binders	30,971	4,959	3,983	7,950	12,472	26,980	14,874	19,001	43,787
Shredders	3,678	267	373	220	777	972	691	1,115	1,799
Shocks	2,815	641	694	654	774	178			104
Shocks				2		4	5		
Shocks		311	154	34	149	1,128	709	50	1,000
Shocks				2,820	6,600	6,411	8,693	8,517	10,218
Shocks			13	1,532	1,471	730	1,457	2,646	2,063
Knockers cutters									
Stack cutters									
Other implements									
Cultivators	11,122	8,951	25,022	28,183	26,304	18,280	50,180	60,680	62,020
Harrows, disc and spring tooth	10,797	11,900	74,374	73,665	71,724	60,040	105,379	154,153	131,521
Harrows, pig-tooth	38,594	50,729	41,688	38,573	41,309	44,071	76,470	90,720	100,419
Feeding machines									
Feeders			1,074	4,401	3,915	2,307	1,429	3,978	1,204
Grain drills								449	3,227
Engines and motors									
Engines, gasoline and kerosene		4	9,778	17,092	19,731	14,837	23,914	26,300	30,200
Tractors						672	700	1,962	2,420
Auto wagons and auto-motors							720	2,466	3,536

* Includes engines mounted on hay presses and on purchased motor trucks.

KIND AND NUMBER OF IMPLEMENTS MANUFACTURED BY INTERNATIONAL HARVESTER CO., SEASONS 1903 TO 1911, AT UNITED STATES WORKS—Continued

	1903	1904	1905	1906	1907	1908	1909	1910	1911
Wagons and spreaders.									
Manure spreaders.			2,813	18,703	41,136	24,340	30,059	47,672	41,012
Farm wagons.				35,608	50,742	26,669	42,442	66,121	51,977
Running gears.				3,774	8,582	8,029	13,475	12,655	14,401
Bulbards.				11	252				
Miscellaneous.									
Corn separators.			69	3,472	10,910	14,365	20,910	27,445	20,677
Knife grinders.	71,718	36,485	41,903	33,850	47,821	50,632	40,462	41,301	51,708
Feed grinders.					4,879	6,501	2,939	6,454	7,538
Pump jacks.					3,020	2,336	5,094	5,903	9,422
Horse powers.				50	90	27			
Raw trucks.						60	101	490	59

1122

Petitioner's Exhibit 263-A

GRAIN BINDERS—NUMBER SOLD IN THE UNITED STATES, BY LINES, BY I. H. CO. OF AM., SEASONS 1903-1911

Season	Champion	Deering	McCormick	Mt. Washburn	Columbia	Prince	Keystone and other	Total
1903	11,054	33,950	33,409	9,980	6,072	9,796		94,261
1904	8,903	29,522	27,423	7,073	6,776	5,792		85,469
1905	1,963	35,641	39,989	5,413	9,802	4,007	671	92,435
1906	4,757	38,728	10,430	4,189	4,060	3,047	69	65,210
1907	4,276	37,900	35,580	6,305	4,967	2,144	71	80,143
1908	2,008	38,738	36,700	3,413	2,664	1,008	72	84,303
1909	2,300	36,760	36,207	4,430	3,202	304	31	80,004
1910	2,541	41,701	38,410	5,890	4,377	686	19	93,624
1911	2,400	44,453	39,980	5,737	4,339	447		97,356

1122a

Petitioner's Exhibit 263-B

REAPERS—NUMBER SOLD IN THE UNITED STATES, BY LINES, BY I. H. CO. OF AM., SEASONS 1903-1911

Season	Champion	Deering	McCormick	Mt. Washburn	Columbia	Prince	Keystone and other	Total
1903	470	1,490	2,967	947	581	933		6,988
1904	539	1,913	2,373	174	547	587		6,133
1905	351	1,000	1,093	179	671	59	0	3,253
1906	147	794	1,495	149	693	43		3,288
1907	123	750	1,209	179	596	14		2,771
1908	97	431	1,220	97	399	12		2,246
1909	40	608	1,004	97	346	9	5	2,009
1910	111	943	1,000	96	334	10	6	2,400
1911			1,200	54	396	8	9	2,067

1123

Petitioner's Exhibit 263-C

HEADERS AND PUSH BINDERS—NUMBER SOLD IN THE UNITED STATES, BY LINES, BY I. H. CO. OF AM., SEASONS 1903-1911

Season	Cham- pion	Deering	McCor- mick	Mt- wauke	Osborne	Plano	Keystone and other	Total
1903		1,346	1,908			540		3,794
1904		1,185	1,430			450		3,065
1905		2,652	2,328	22		411		5,413
1906	184	2,241	2,559			311		5,295
1907	322	2,123	2,702			304	13	5,464
1908	154	1,698	2,106			157		4,115
1909	187	2,001	2,253			186	1	4,567
1910	210	2,537	3,437		15	122		6,325
1911	114	1,788	2,320		15	79		4,331

1123a

Petitioner's Exhibit 263-D

MOWERS—NUMBER SOLD IN THE UNITED STATES, BY LINES, BY I. H. CO. OF AM., SEASONS 1903-1911

Season	Cham- pion	Deering	McCor- mick	Mt- wauke	Osborne	Plano	Keystone and other	Total
1903	27,908	58,985	78,337	14,326	12,900	13,337		205,889
1904	22,620	53,764	72,721	11,655	16,120	10,461		187,341
1905	14,980	52,487	74,131	8,706	11,352	4,866	4,775	171,376
1906	12,420	51,901	74,154	7,380	11,611	3,551	962	161,917
1907	12,094	61,260	85,048	8,961	12,210	2,700	450	181,723
1908	8,086	50,662	75,422	7,380	9,305	1,806	339	155,594
1909	7,490	57,200	80,194	6,820	8,750	1,302	122	162,549
1910	6,902	60,440	80,046	6,740	10,010	2,074	606	166,818
1911	3,969	52,552	67,756	6,612	9,201	612	92	141,330

1124

Petitioner's Exhibit 263-E

RAKES—NUMBER SOLD IN THE UNITED STATES, BY LINES, BY I. H. CO. OF AM., SEASONS 1903-1911

(This exhibit does not include sweep rakes or side-delivery rakes)

Season	Cham- pion	Deering	McCor- mick	Mt- wauke	Osborne	Plano	Key- stone and other	Total
1903	26,812	43,000	52,973	4,361	11,550	12,047		147,743
1904	14,936	53,110	44,291	6,031	13,230	5,534		137,121
1905	11,736	54,871	67,108	4,620	12,543	3,182		143,980
1906	10,120	53,250	67,294	3,978	11,774	2,113		138,529
1907	10,294	67,111	52,992	4,430	13,138	2,000	212	135,167
1908	7,363	51,796	46,719	3,866	11,153	1,228	185	122,300
1909	6,948	52,626	46,242	3,264	11,197	770	187	121,474
1910	6,327	53,962	49,523	3,273	11,200	862	263	125,410
1911	3,080	46,173	41,063	2,918	10,136	413	134	103,913

1124a

Petitioner's Exhibit 263-F

CORN BINDERS—NUMBER SOLD IN THE UNITED STATES, BY LINES, BY I. H. CO. OF AM., SEASONS 1903-1911

Season	Champion	Deering	McCormick	McCormick-Walker	Caterpillar	Plano	Key-stone and other	Total
1903	559	1,020	2,598	1,405	1,912	220		17,405
1904	578	1,165	6,778	1,430	2,923	190		18,064
1905	592	1,567	5,217	987	900	34		19,800
1906	559	1,567	6,737	1,508	1,266	18		19,095
1907	590	1,208	8,112	1,782	1,377	11		19,079
1908	64	1,028	5,248	1,192	947			18,769
1909	79	1,376	7,934	1,829	954			18,170
1910	54	9,321	12,180	2,881	1,286			25,722
1911	6	15,962	17,647	3,715	1,149			38,479

1125

Petitioner's Exhibit 263-J

SIDE-DELIVERY RAKES—NUMBER SOLD IN THE UNITED STATES, BY LINES, BY I. H. CO. OF AM., SEASONS 1903-1911

Season	Champion	Deering	McCormick	McCormick-Walker	Caterpillar	Plano	Key-stone and other	Total
1903								
1904								
1905			1				1,327	1.30
1906	124	578	103	111	560	26	1,425	3.05
1907	164	1,104	1,487	267	1,077	64	1,373	6.00
1908	140	2,960	2,920	526	1,418	44	967	9.00
1909	264	2,440	3,600	644	1,641	57	766	9.00
1910	121	3,948	3,158	417	1,786	17	766	9.50
1911	225	2,437	2,741	363	1,969	23	978	9.00

1126 *Statement re defendants' Exhibits (S) 1 to 5, inclusive*

Defendants' Ex. (S) 1.—General catalogue of all the implements manufactured by the B. F. Avery & Sons Co. (For identification only.)

Identified by witness H. L. Taylor, Vol. I, page 104.

D. Ex. (S) 2.—Old stock certificate of Independent Harvester Co. of Maine, to be sent to examiner by witness William D. Steward and then marked "Defendants' Exhibit (S) 2 for identification."

Identified by witness Steward, Vol. I, page 149.

D. Ex. (S) 3.—Letter sent out by Carleton Bunce, William D. Lutz, and W. S. Machlox, as a creditors' committee, excerpts read in evidence.

Identified by counsel, Mr. Elliott, Vol. I, page 334.

D. Ex. (S) 4.—Catalogue of Messenger Manufacturing Co., 1912 (For identification only.)

Identified by witness G. S. Messenger, Vol. I, page 569.

D. Ex. (S) 5.—Catalogue of Messenger Manufacturing Co., 1920 (For identification only.)

Identified by witness G. S. Messenger, Vol. I, page 569.

SUMMARY OF CROUCH OF IMPLEMENT DEALERS TAKEN IN 1923

UNITED STATES VS. INTERNATIONAL HARVESTER CO.

573

Total number of implement dealers divided into those handling—	Total number of implement dealers divided into those handling—			Number of implement dealers handling binders, mowers, or rakes divided into those handling—			Number of implement dealers handling plows divided into those handling—		
	Food storing implements	All other implements	Total	I. H. C. and goods only	Comb- patt- tern- bind- mow- ers, or rakes only	Total	I. H. C. and goods only	Comb- patt- tern- bind- mow- ers, or rakes only	Total
Illinois	420	1,787	2,206	1,173	1,036	2,209	223	1,014	1,237
Indiana	283	1,146	1,429	937	491	1,428	154	1,274	1,428
Iowa	420	1,613	2,033	1,245	1,307	2,552	628	1,924	2,552
Kansas	290	1,473	1,763	1,180	1,174	2,354	174	1,180	1,354
Michigan	187	872	1,059	729	335	1,064	52	912	964
Minnesota	230	1,043	1,273	878	395	1,273	285	988	1,273
Missouri	226	1,049	1,275	886	389	1,275	198	1,077	1,275
Nebraska	254	1,063	1,317	931	386	1,317	146	1,171	1,317
New York	43	279	322	234	88	322	114	208	322
North Dakota	116	810	926	653	273	926	241	685	926
Ohio	427	1,363	1,790	1,272	518	1,790	130	1,660	1,790
Oklahoma	37	872	909	702	207	909	130	779	909
Pennsylvania	112	793	905	649	256	905	144	761	905
South Dakota	206	1,298	1,504	1,067	437	1,504	107	1,397	1,504
Wisconsin	378	1,579	1,957	1,240	717	1,957	107	1,850	1,957
Total	3,578	13,979	17,557	9,803	8,750	18,553	2,377	15,176	17,553
Illinois	308	271	579	324	292	616	56	560	616
Indiana	21	90	111	72	39	111	7	104	111
Iowa	415	220	635	313	320	633	14	619	633
Kansas	12	104	116	85	31	116	20	96	116
Kentucky	40	104	144	120	24	144	9	135	144

SUMMARY OF CENSUS OF IMPLEMENT DEALERS TAKEN IN 1923—Continued

Total number of implement dealers divided into	Total number of implement dealers divided into these handling			Number of implement dealers handling binders, mowers, or rakes divided into these handling			Number of implement dealers handling plows divided into these handling		
	All other dealers	I. H. C. goods only	Both I. H. C. and non-I. H. C. goods	I. H. C. goods only	Both I. H. C. and non-I. H. C. goods	Total	I. H. C. plows only	Both I. H. C. and non-I. H. C. plows	Total
Field tractor dealers	9	11	24	4	12	2	5	11	6
Other tractor dealers	81	115	608	40	217	34	30	238	66
Comb. binders	17	87	104	14	38	11	9	63	23
Reaper binders	31	178	307	29	403	30	16	106	44
Spring binders	55	234	309	39	335	12	31	169	70
Tractor binders	15	92	127	14	66	9	5	78	43
Total	439	1,787	3,229	207	1,066	223	132	1,307	1,979
Mowers									
Chlorinated	9	21	60	5	23	11	5	41	12
Reaper mowers	24	144	168	14	55	14	13	108	35
Field mowers	41	141	182	24	83	11	15	115	43
Reaper mowers	74	300	374	37	179	30	26	229	57
Comb. mowers	10	54	64	6	49	16	4	49	29
Reaper mowers	10	107	117	12	60	4	19	78	34
Reaper mowers	28	82	110	17	47	3	7	110	32
Reaper mowers	37	135	172	20	57	10	13	120	45
Reaper mowers	36	96	132	11	56	10	9	76	27
Total	263	1,145	1,408	123	601	94	115	877	306
Rakes									
Comb. rakes	69	140	209	33	125	47	25	122	69
Reaper rakes	57	187	244	4	140	108	4	140	107
Reaper rakes	40	159	199	30	131	13	34	138	61

Free Mission	73	213	280	10	150	119	385	14	136	70	390	56	80	47	213	47	107	79	385
Free Mission	54	214	279	6	175	99	279	58	135	81	315	27	135	53	164	26	106	102	317
Free Mission	42	210	272	6	249	117	272	14	152	27	394	15	24	29	114	8	101	47	102
Free Mission	35	209	269	114	70	44	269	16	109	35	190	13	54	43	114	1	101	47	102
Free Mission	30	149	187	3	114	21	187	20	74	18	43	2	11	17	30	1	101	47	102
Free Mission	3	35	43		22	21	43	1									101	47	102
Total	429	1,413	2,042	43	1,245	711	2,042	183	1,307	498	1,098	229	600	511	1,340	143	1,124	594	1,431
Kansas	49	262	311	30	210	71	311	81	183	10	274	90	91	8	192	77	199	21	387
Kansas	28	158	186	7	104	75	186	55	79	60	155	17	61	65	143	10	106	43	116
Kansas	27	113	140	2	43	14	140	4	47	14	106	44	4	30	66	1	34	49	104
Kansas	11	40	71	1	33	37	71	8	160	20	282	104	4	108	230	68	182	34	304
Kansas	30	298	346	21	216	100	346	105	274	18	343	111	134	35	280	41	174	101	316
Kansas	65	326	395	17	290	128	395	105	274	18	343	111	134	35	280	41	174	101	316
Kansas	47	157	204	10	125	71	204	8	105	10	143	56	37	18	138	30	100	38	115
Kansas	23	97	119	5	81	33	119	5	79	5	92	19	45	18	85	12	78	25	115
Total	390	1,473	1,772	94	1,100	574	1,772	386	917	174	1,477	448	584	215	1,247	252	928	387	1,577
Michigan	26	268	324	2	246	76	324	46	164	4	214	35	146	23	224	4	250	74	317
Michigan	45	154	237	5	157	75	237	38	42	16	126	48	67	25	140	11	150	53	214
Michigan	40	280	360	10	240	110	360	75	160	31	306	75	104	43	222	6	211	102	319
Michigan	32	106	138	1	86	51	138	16	49	1	66	30	36	14	86	6	112	12	130
Total	187	872	1,059	18	726	312	1,059	176	455	52	682	214	353	105	672	27	712	241	960
Minnesota	4	52	58	6	38	12	58	12	19	8	39	12	27	8	47	15	21	5	41
Minnesota	12	90	111	10	67	34	111	17	34	13	64	17	41	12	85	23	42	19	54
Minnesota	14	103	117	17	71	46	117	17	59	28	102	20	56	18	56	18	56	37	103
Minnesota	42	285	307	3	228	76	307	18	178	60	256	20	178	48	255	18	172	61	251
Minnesota	68	308	376	11	249	116	376	30	215	78	341	67	172	76	298	33	233	91	307
Minnesota	47	300	356	20	229	107	356	60	178	52	300	47	187	56	315	53	210	60	322
Minnesota	7	60	67	67	44	23	67	5	29	17	53	2	39	21	52	1	33	22	54
Minnesota	7	56	63	1	44	14	63	7	39	8	54	9	35	6	120	4	39	11	54
Minnesota	30	141	171	1	120	50	171	21	84	24	129	27	71	24	122	8	102	40	180
Total	233	1,190	1,626	54	1,004	478	1,626	216	637	280	1,338	247	799	281	1,321	165	968	345	1,428
Missouri	72	339	411	11	278	122	411	47	200	72	319	56	136	77	272	25	245	105	373
Missouri	31	180	190	1	169	60	190	11	8	7	28	13	13	6	29	10	10	9	28
Missouri	21	241	284	32	216	140	284	43	100	61	173	82	67	47	162	10	105	67	183
Missouri	53	241	284	32	216	140	284	43	100	61	173	82	67	47	162	10	105	67	183
Missouri	21	173	194	9	69	96	194	36	45	2	185	48	54	17	150	45	107	102	384
Missouri	38	251	269	17	178	96	269	35	142	42	219	46	117	62	225	26	160	78	271
Total	223	1,263	1,516	74	886	556	1,516	183	605	198	976	338	543	278	1,157	124	844	450	1,418

SUMMARY OF CROSSLING OR FURNACE DEGRADATION TAKEN IN 1923—Continued

Total number of implement dealers divided into—	Total number of implement dealers divided into those handling—			Total number of implement dealers handling tractors divided into those handling—			Total number of implement dealers handling binders, mowers, or rakes divided into those handling—			Total number of implement dealers handling plows divided into those handling—		
	Fast tractor dealers	A.B. other fast tractor dealers	Total	I. H. C. goods only	Com. goods only	Both I. H. C. and Com. goods	I. H. C. tractors only	Com. tractors only	Both I. H. C. and Com. tractors	I. H. C. binders, mowers, or rakes only	Com. binders, mowers, or rakes only	Both I. H. C. and Com. binders, mowers, or rakes
Nebraska												
Central States	12	66	78	1	44	45	79	9	41	50	13	32
Loomis	80	313	403	9	250	259	401	17	208	225	23	32
Omaha	91	314	405	13	250	263	405	46	212	258	107	307
St. Joseph	4	30	34	0	29	29	29	0	29	29	143	172
Sioux City	21	114	135	1	62	63	145	6	63	69	9	75
Total	228	825	1,053	25	586	611	1,049	79	613	692	141	367
New York												
Buffalo	68	379	447	35	229	264	362	90	144	234	106	200
Total	136	804	940	60	415	475	649	169	358	428	247	367
North Dakota												
Aberdeen	30	84	114	5	65	70	94	14	60	74	19	34
Bismarck	22	130	152	7	87	94	112	17	60	77	32	38
Fargo	24	361	385	11	180	191	309	32	146	178	53	205
Grand Forks	25	174	199	13	70	83	113	41	49	90	61	57
Minot	27	353	380	21	186	207	264	27	178	205	45	60
Total	138	802	940	66	418	484	649	133	373	450	214	314
Ohio												
Cincinnati	12	108	120	14	149	163	226	38	121	159	34	103
Cleveland	130	319	449	19	263	282	379	100	173	273	3	103
Columbus	60	260	320	6	111	117	174	44	214	258	15	61
Pittsburgh	38	144	182	9	141	150	184	32	64	96	28	47
Total	202	831	1,033	58	638	690	963	124	569	730	80	297

Richmond, Ind.	84	71	109	79	37	106	33	57	8	88	26	40	8	74	130	77	35	109
Port Wayne	11	49	56	44	23	56	14	28	4	48	14	14	4	34	17	37	17	57
Totals	63	240	267	203	60	267	77	143	7	227	82	122	4	208	45	196	46	262
Total	437	1,303	1,610	91	1,272	447	1,819	337	666	121	396	707	125	1,222	130	1,256	225	1,781
Oregon																		
Chickamauga	7	27	44	3	34	7	44	8	32	2	42	7	12	22	4	32	6	42
Chickamauga City	135	652	737	64	484	160	737	133	434	113	660	265	109	550	105	465	143	713
Perkins	17	61	78	2	54	23	78	20	27	7	54	23	4	54	4	36	16	61
Springfield	3	4	11	7	4	11	4	5	1	7	7	4	4	8	4	4	4	8
Wadsworth	1	5	6	4	2	6	3	3	1	5	2	2	1	3	1	4	1	6
Wadsworth	37	159	196	14	123	60	196	22	122	7	154	57	17	120	44	105	26	177
Total	395	672	1,073	62	703	267	1,072	167	425	130	669	235	137	767	156	646	201	1,067
Pennsylvania																		
Buffalo	7	19	25	4	11	10	25	8	9	2	18	12	9	22	5	11	6	22
Cleveland	20	44	64	14	26	12	64	26	33	19	59	26	15	41	15	37	11	63
Total	27	63	89	18	37	22	89	34	42	2	78	38	24	63	20	48	17	85
South Dakota																		
Aberdeen	27	160	187	10	119	58	187	35	111	33	179	52	16	121	25	107	43	175
Fargo	1	9	10	5	5	5	10	3	3	5	6	4	6	9	3	3	5	8
Sioux City	15	72	87	59	25	47	87	11	46	16	73	9	17	54	8	54	18	80
Sioux Falls	41	203	244	4	167	73	244	29	153	46	227	33	97	173	22	148	54	224
Wadsworth	26	250	276	11	168	77	276	45	168	43	256	53	35	194	53	166	53	254
Wadsworth	3	9	11	6	3	11	6	2	6	1	11	2	2	5	1	6	2	9
Total	112	703	815	28	546	241	815	122	498	144	754	149	117	556	60	486	175	750
Wisconsin																		
Bay View	27	338	365	4	274	117	365	58	210	38	398	77	144	264	27	230	80	355
Green Bay	64	262	326	11	220	125	326	64	170	27	263	96	126	259	27	235	81	343
Madison	74	298	362	12	223	127	362	45	132	9	296	91	100	240	25	244	74	343
Marshfield	63	341	424	10	263	131	424	70	300	17	387	100	123	261	27	268	105	460
Menomonie	1	3	4	1	3	4	4	1	3	2	4	1	2	3	1	2	12	4
Neeshaw	7	42	49	1	36	12	49	5	24	2	36	2	18	31	1	27	40	4
Wausau	10	64	74	6	64	26	74	12	33	9	54	17	33	56	49	49	21	70
Total	298	1,308	1,604	39	1,067	558	1,604	255	792	167	1,134	386	556	1,147	108	1,065	382	1,565

LETTERS OF INSTRUCTIONS TO BRANCH HOUSE MANAGERS
Re
CENSUS OF IMPLEMENT DEALERS
1923

INTERNATIONAL HARVESTER COMPANY OF AMERICA (INCORPORATED)

[Farm operating equipment—McCormick, International, Deering—Harvesting machines, hay and corn machines, tillage implements, seeding machines, plows, threshers, binder twine, motor trucks, oil tractors, oil engines, cream separators, manure spreaders, farm wagons, feed grinders]

606 SOUTH MICHIGAN AVENUE,
Chicago, U. S. A., July 2, 1923.

Sales Department

For Mr. _____

Your Letter _____

Subject: Census of implement dealer.

DEAR SIR: It is expected that within the next year the Department of Justice of the United States will wish to review conditions in the implement industry with particular reference to the changes brought about by the consent decree in 1918 under which the Harvester Company undertook to dispose of certain of its lines and to limit itself to one dealer in a town. Such a review would also take account of other changes since this matter was under review in 1913 due to general economic conditions and the introduction of new types of implements, etc. The company wishes to be ready to furnish full information whenever called upon, and for this purpose proposes to take a census of all implement dealers in your territory before October 1, 1923.

Attached are two forms headed as follows:

"Census of agricultural implement dealers, Form C-2812."

"Summary of census. (Mimeograph form)."

Please stop at this point and study carefully these two forms, which you will note have been filled out with sample figures and information to show the manner in which they are to be used. We believe a study of these forms will make clear to you in a general way the purpose of the census, the information to be collected, and the manner in which it is to be done. In further explanation we will only add the following at the present time, and if any further questions occur to you you can write in and they will be answered specifically.

1. This census must be given the right of way and done in an expeditious way and completed before October 1, 1923. Send in to this office, as a sample, copies of your reports on Form C-2812 covering the first ten dealers seen just as soon as you have interviewed them. We will then examine these and return them to you and advise you if anything is being done wrong. A progress report showing

the number of dealers seen should be sent to this office August 1st and September 1st.

1131 2. Unless you are otherwise advised by separate letter, the census should cover your entire branch-house territory.

3. The census must be taken in such a way that the census taker will have first-hand personal knowledge (not obtained by hearsay) of all of the facts certified to, so that he can testify to the same, if necessary. For this reason it is essential that a personal visit be made each town and place where implements are sold and to the place of business of each dealer. It is desirable to have the entire census made by one man, and if not possible for one man to cover the entire territory it should be divided between not over two persons. The job should be done either by yourself personally or by your assistant branch manager.

4. Ford dealers should ordinarily be included as implement dealers, as they handle the Fordson tractor and also various lines of agricultural implements used with said tractor, all of which machines should be listed in making your census. Do not, however, include as implement dealers the Ford dealers who handle only the Ford passenger cars.

5. Include as implement dealers all farmer's organizations, county agents or cooperative societies purchasing implements for resale or distribution.

6. In filling out Form C-2812, the implements not handled should be marked "not handled." Do not, however, mark any article not handled merely because the dealer has none on hand or has sold none during 1923. If the dealer is a regular representative of the manufacturer or jobber of such article, offering or advertising the same and standing ready to fill orders, he should be considered as handling such article and so marked.

7. Where any dealer in a town, besides the dealer having a 1923 contract with the Harvester Company, has goods of Harvester Company manufacture for sale which have been carried over from previous years, these goods should be listed as handled on Form C-2812, but should be marked with a star to indicate that they are not handled under a current 1923 contract, and in filling out the summary on the mimeograph form, such carried-over goods should be disregarded and omitted, as noted in the certificate to such form.

8. When visiting each dealer, you will fill out a copy of Form C-2812 in longhand. This should afterwards be typed at your office, making an original and three carbons. Use new carbon paper to make clean, clear carbons. One of these carbon copies you should keep for your files. The original and other two carbons should be signed by you and sent to this office when the census is complete. Make four typewritten copies of the "Summary" in the same manner, retaining one and sending us three duly signed and sworn to. Send by express to International Harvester Company of America, 606 South Michigan Avenue, Chicago, Illinois, marked for the attention of E. N. Wood.

9. We are sending you, under separate cover, a supply of the printed forms (C-2812) and mimeographed forms which we believe will meet your requirements. If more are necessary, please send in requisition.

Kindly acknowledge receipt.

Yours truly,

1132

[Form C2812 125M-6-23-23. Printed in U. S. A.]

CENSUS OF AGRICULTURAL IMPLEMENT DEALERS AND LINES HANDLED

I have visited the place of business of _____

(Name of dealer)

in _____

(Town)

(County)

(State)

and ascertained that he (they) handled the following products during the 1923 season:

Article	Manufacturer or jobber
Tractors.....	J. I. Case T. M. Co., I. H. C.
Corn binders.....	I. H. C., Emerson B. Co.
Grain binders.....	I. H. C., Deere.
Push machines.....	Not handled.
Reaper threshers.....	Not handled.
Mowers.....	Minnesota State Prison, Emerson B. Co.
Rakes.....	I. H. C., Thomas Mfg. Co.
Twine.....	Plymouth, Minnesota State Prison.
Cream separators.....	DeLaval, I. H. C.
Wagons.....	Birdsell Mfg. Co., Bain Wagon Co., Winona Wagon Co., I. H. C.
Plows.....	Emerson B. Co., Deere, I. H. C., Oliver Chilled P. Wks., South Bend C. P. Co.
Thrashers.....	J. I. Case T. M. Co., I. H. C., Advance-Romely.
Shredders.....	I. H. C., Appleton Mfg. Co.
Engines.....	United Engine Co., Fairbanks-Morse, I. H. C., Stover Mfg. & Eng. Co.
Spreaders.....	New Idea Spdr. Co., Deere.
Hay presses.....	Dain Mfg. Co., Kansas City H. P. Co.
Hay loaders.....	Deere, Massey-Harris Harv. Co.
Corn planters.....	Deere, Moline P. Co., Hayes P. & P. Co.
Corn cultivators.....	Ohio Cultivator Co., I. H. C., Emerson B. Co.
Corn shellers.....	Deere, Sandwich Mfg. Co.
Harrow.....	I. H. C., Roderick Loan Mfg. Co., Oliver Chilled P. Wks., Moline P. Co., Deere.
Drills.....	Deere, Am. Seeding Mch. Co., Moline P. Co., I. H. C.
Seeders.....	Deere, Am. Seeding Mch. Co., I. H. C., Moline P. Co.
Liners.....	Deere, Moline P. Co.
Tacklers.....	Thomas Mfg. Co., I. H. C., B. F. Avery & Sons.
Kniflage cutters.....	Paper Machine Co., Appleton Mfg. Co., Rocking Valley Mfg. Co.
Feed grinders.....	Stover Mfg. & E. Co., Challenge Co.
Rollers, pulverizers, or packers.....	Oliver Chilled P. Wks. I. H. Co.

Dated....., 1923

INSTRUCTIONS.—Fill in name of manufacturer or jobber of all goods handled. If any goods listed are not handled, mark "Not handled." Mark with a star (*) all carried-over I. H. C. goods in process of being closed out by dealers having no current 1923 contracts.

1123 SUMMARY OF CENSUS OF IMPLEMENT DEALERS IN THE WHOLE
(OR THE PORTION DESCRIBED BELOW) OF THE TERRITORY OF
THE BRANCH HOUSE OF INTERNATIONAL HARVESTER COMPANY
OF AMERICA

AT-----

1. The total number of agricultural implement dealers in said territory is 300, of which number 75 handle only Ford tractors and the agricultural implements ordinarily used with such tractors and sold by Ford dealers.

2. Of said total number of 300 implement dealers, 35 handle only Harvester Company products, 180 handle only competitors' products, and 85 handle products of both Harvester Co. and its competitors.

3. The total number of dealers in said territory who handle tractors is 150, of which 50 handle Harvester Company tractors only, 90 handle competitors' tractors only, and 10 handle tractors of both Harvester Co. and its competitors.

4. The total number of dealers in said territory who handle binders, mowers, or rakes is 200, of which 85 handle binders, mowers, or rakes of Harvester Company and no others; 90 handle binders, mowers, or rakes of competitors only; and 25 handle binders, mowers, or rakes of both Harvester Company and its competitors.

5. The total number of dealers in said territory who handle binder twine is 250, of which 85 handle Harvester Company twine only, 125 handle competitors' twine only, and 40 handle twine of both Harvester Company and its competitors.

1134 6. The total number of dealers in said territory who handle plows is 200, of which 45 handle Harvester Company plows only, 100 handle competitors' plows only, and 55 handle both Harvester Company plows and competitors' plows.

(Signature of census taker)

STATE OF -----

County of -----, ss:

being duly sworn, says he is -----

branch manager of the International Harvester Company of America at its branch house at -----, and is familiar with the implement business in the territory covered by said branch house; that during the summer of 1923 he personally took a census of all implement dealers and of the kinds of goods handled by each during that season in the following territory (being the whole or a part of said branch house territory): All of -----

counties and parts of -----

counties in the State or States of -----;

the territory covered by said census appearing more particularly by the separate census sheets signed by the undersigned, giving the name

of each town and dealer; that he obtained first-hand knowledge of the business of all dealers by calling at their respective places of business and observing the kinds of goods on hand and the kinds advertised and offered for sale, and checked this information with statements from the persons in charge of each business; that the foregoing summary has been prepared by affiant and is a true and correct summary of certain facts disclosed by said census and known by affiant to be true. In preparing this summary, carried-over Harvester Company goods now being closed out by dealers who previously had contracts with the Harvester Company, but have no 1923 contracts and are making no current purchases, have been disregarded.

(Signature of census taker)

Subscribed and sworn to before me, a notary public, this -----
day of -----, 1923.

1135 INTERNATIONAL HARVESTER COMPANY OF AMERICA (INCORPORATED)

[Farms operating equipment—McCormick, International, Deering—harvesting machines, hay and corn machines, tillage implements, seeding machines, plows, threshers, binder twines, motor trucks, oil tractors, oil engines, cream separators, manure spreaders, farm wagons, feed grinders.]

606 SOUTH MICHIGAN AVENUE,
Chicago, U. S. A., July 16, 1923.

Sales department,
For Mr. -----,
Your letter -----,
Subject: Census of implement dealers.

DEAR SIR: Some questions have been raised as to the interpretation of our instructions covering the census of implement dealers. No change of instructions is needed, but some further explanations may be helpful, which are given you herewith:

1. Determination of goods handled.—Our letter advised you as follows:

"6. In filling out Form C-2812, the implements not handled should be marked 'not handled.' Do not, however, mark any article not handled merely because the dealer has none on hand or has sold none during 1923. If the dealer is a regular representative of the manufacturer or jobber of such article, offering or advertising the same and standing ready to fill orders, he should be considered as handling such article and so marked."

A question has been raised as to the extent to which the lines of goods handled may be determined from the goods listed and subject to order under the 1923 contracts which the dealer has written with various implement concerns.

The purpose of the present census is to show the condition of the channels of retail distribution. If there is an existing retail con-

section between a manufacturer and the farmers of a certain district whereby the manufacturer has arranged with a certain dealer to take orders for his goods and the farmer is able to obtain from said dealer information regarding the same and place an order, and the dealer stands ready to fill any orders received, then for present purposes such goods should be regarded as "handled." For this purpose we believe a dealer should ordinarily be put down as handling the full line of goods listed in his contract so far as the same are used in his territory. However, the question of what goods are handled should not be determined solely by reference to the contracts, but the past business done by the dealer in question and other dealers in the same town should be inquired into. If any manufacturer's lines are split between two dealers or if, for any other reason, a dealer is not handling any particular machine or standing ready to fill orders for the same, he should not be put down as handling such machines even though listed in his contract.

1. H. C. goods and competitors' goods and contracts should be treated on exactly the same basis, so that the census will fairly reflect actual conditions.

2. Dealers handling twine only not to be listed.—Twine is frequently sold both by our company and our competitors to persons who are in no sense implement dealers. It is not intended to take a census of every person selling twine, but only of concerns selling agricultural implements. Where a person is selling implements, you should ascertain what kind of twine he is selling, but you should not extend your investigations to persons outside of the implement industry who are handling twine.

3. Dealers handling cream separators only not to be listed.—Though cream separators are, broadly speaking, agricultural implements, yet they are frequently handled by stores which sell no other agricultural implements. A person who sells cream separators and no other agricultural implement is not regarded in the trade as an agricultural implement dealer. For this reason you need not include in the census any person who handles cream separators and no other agricultural implement. However, where a person handles cream separators and also agricultural implements, you will, of course, include cream separators in the list of articles handled by such dealer. In short, you will treat cream separators exactly in the manner in which it is suggested that you should treat twine.

4. Revised summary, omitting twine.—Enclosed in this letter is a revised summary which is to replace the summary previously sent you. A large portion of the twine produced in this country is marketed through channels other than the agricultural implement dealer. Therefore a summary classifying the implement dealers who handle twine would not accurately represent agencies of twine distribution. So the present summary omits a classification of twine dealers.

5. Separate summary for each State.—Branch managers whose territory to be covered by the census embraces territory in more than one State will in each instance prepare as many summaries as there are States included in their territories. For example, if a branch house territory included parts of Indiana, Illinois, and Kentucky, three summaries are desired—one to cover the Indiana portion, another the Illinois portion, and the third the Kentucky portion of the branch house territory.

Yours truly,

1137 SUMMARY OF CENSUS OF IMPLEMENT DEALERS IN THE PORTION OF
THE STATE OF COVERED BY THE BRANCH
HOUSE TERRITORY OF THE INTERNATIONAL HARVESTER COMPANY OF
AMERICA AT

1. The total number of agricultural implement dealers in said territory is 300, of which number 75 handle only Ford tractors and the agricultural implements ordinarily used with such tractors and sold by Ford dealers.

2. Of said total of 300 implement dealers 35 handle only Harvester Company implements, 180 handle only competitors' implements, and 85 handle implements of both Harvester Co. and its competitors.

3. The total number of dealers in said territory who handle tractors is 130, of which 50 handle Harvester Company tractors only, 90 handle competitors' tractors only, and 10 handle tractors of both Harvester Co. and its competitors.

4. The total number of dealers in said territory who handle binders, mowers, or rakes is 200, of which 85 handle binders, mowers, or rakes of Harvester Company and no others; 90 handle binders, mowers, or rakes of competitors only, and 25 handle binders, mowers, or rakes of both Harvester Company and its competitors.

1138 5. The total numbers of dealers in said territory who handle plows is 200, of which 45 handle Harvester Company plows only, 100 handle competitors' plows only, and 55 handle both Harvester Company plows and competitors' plows.

(Signature of witness taken)

STATE OF

County of, ss:

..... being duly sworn, says he is
branch manager of the International Harvester Company
of America at its branch house at, and is
familiar with the implement business in the territory covered by
said branch house; that during the summer of 1923 he personally
took a census of all implement dealers and of the kinds of implements
handled by each during that season in the following territory (being

the whole or a part of said branch house territory): All of _____
 counties and parts of _____

_____ counties in the State of _____ the territory covered
 by said census appearing more particularly by the separate census
 sheets signed by the undersigned, giving the name of each town and
 dealer; that he obtained first-hand knowledge of the business of all
 dealers by calling at their respective places of business and observing
 the kinds of implements on hand and the kinds advertised and
 offered for sale, and checked this information with statements from
 the persons in charge of each business; that the foregoing summary
 has been prepared by affiant and is a true and correct summary of
 certain facts disclosed by said census and known by affiant to be
 true, which relate to the portion of said territory in the State of _____

In preparing this summary, carried-over Har-
 vester Company implements now being closed out by dealers who
 previously had contracts with the Harvester Company but have no
 1923 contracts and are making no current purchases, have been
 disregarded.

 (Signature of census taker)

Subscribed and sworn to before me, a notary public, this _____
 day of _____, 1923.

1139 *Statement re defendant's Exhibit (S) 8*

DESCRIPTION OF EXHIBIT—FORD DEALERS EQUIPMENT DIRECTORY

Not to be printed on appeal record, but by stipulation between
 counsel for respective parties to be sent up to the Supreme Court
 for reference by both parties.

1140 *Defendant's Exhibit (S) 9*

(Form C-2012 125 M -6 25 23. Printed in U. S. A.)

CENSUS OF AGRICULTURAL IMPLEMENT DEALERS AND LINES HANDLED

I have visited the place of business of Crouch & Foster in
 _____ (Name of dealer)
 Oklandon, Marion, Indiana, and ascertained that he (they) handled

(Town) (County) (State)
 the following products during the 1923 season:

Article	Manufacturer or Jobber
Tractors	I. H. C.
Corn binders	I. H. C.
Cash binders	I. H. C.
Push machines	Not handled.
Reaper threshers	Not handled.

Article	Manufacturer or jobber
Mowers	I. H. C.
Rakes	I. H. C.
Twine	I. H. C.
Cream separators	De Laval.
Wagons	I. H. C.
Plows	Oliver Chilled P. Wks.
Thrashers	I. H. C.
Shredders	I. H. C.
Engines	I. H. C., Hercules Corp.
Spreaders	New Idea Spdr. Co., I. H. C.
Hay presses	I. H. C.
Hay loaders	I. H. C.
Corn planters	D. M. Sechler—I. & C. Co., I. H. C.
Corn cultivators	Oliver Chilled P. Wks., Brown Mfg. Co., I. H. C.
Corn shellers	I. H. C.
Harrowes	I. H. C.
Drills	I. H. C.
Seeders	I. H. C.
Listers	Not handled.
Tedders	I. H. C.
Ensilage cutters	I. H. C.
Feed grinders	I. H. C.
Rollers, pulverizers, or packers	I. H. C.

Dated July 25, 1923.

(Signed)

J. A. BROOKBANK.

INSTRUCTIONS: Fill in name of manufacturer or jobber of all goods handled. If any goods listed are not handled, mark "not handled." Mark with a star (*) all carried-over I. H. C. goods in process of being closed out by dealers having no current 1923 contracts.

1141-1142

Defendant's Exhibit (S) 10

SUMMARY OF CENSUS OF IMPLEMENT DEALERS IN THE PORTION OF THE STATE OF INDIANA COVERED BY THE BEANCH HOUSE TERRITORY OF THE INTERNATIONAL HARVESTER COMPANY OF AMERICA AT INDIANAPOLIS, INDIANA

1. The total number of agricultural implement dealers in said territory is 380, of which number 74 handle only Ford tractors and the agricultural implements ordinarily used with such tractors and sold by Ford dealers.

2. Of said total of 380 implement dealers, 12 handle only Harvester Company implements, 280 handle only competitors' implements, and 88 handle implements of both Harvester Co. and its competitors.

3. The total number of dealers in said territory who handle tractors is 256, of which 57 handle Harvester Company tractors only, 179 handle competitors' tractors only, and 20 handle tractors of both Harvester Co. and its competitors.

4. The total number of dealers in said territory who handle binders, mowers, or rakes is 212, of which 64 handle binders, mowers, or rakes of Harvester Company and no others, 111 handle

binders, mowers, or rakes of competitors only, and 37 handle binders, mowers, or rakes of both Harvester Company and its competitors.

1143 5. The total number of dealers in said territory who handle plows is 314, of which 28 handle Harvester Company plows only, 229 handle competitors' plows only, and 57 handle both Harvester Company plows and competitors' plows.

(Signed)

J. A. BROOKBANK.

[Signature of census taker]

STATE OF INDIANA.

County of Marion, ss.

J. A. Brookbank, being duly sworn, says he is branch manager of the International Harvester Company of America at its branch house at Indianapolis, and is familiar with the implement business in the territory covered by said branch house; that during the summer of 1923 he personally took a census of all implement dealers and of the kinds of implements handled by each during that season in the following territory (being the whole or a part of said branch-house territory): All of Cass, Miami, Howard, Carroll, Tippecanoe, Clinton, Tipton, Hamilton, Madison, Montgomery, Boone, Putnam, Hendricks, Marion, Hancock, Johnson, Shelby, Morgan, Monroe, Brown, Bartholomew, and Decatur counties and parts of Owen county in the State of Indiana, the territory covered by said census appearing more particularly by the separate census sheets signed by the undersigned, giving the name of each town and dealer; that he obtained first-hand knowledge of the business of all dealers by calling at their respective places of business and observing the kinds of implements on hand and the kinds advertised and offered for sale, and checked this information with statements from the persons in charge of each business; that the foregoing summary has been prepared by affiant and is a true and correct summary of certain facts disclosed by said census and known by affiant to be true, which relate to the portion of said territory in the State of Indiana. In preparing this summary, carried-over Harvester Company implements now being closed out by dealers who previously had contracts with the Harvester Company but have no 1923 contracts and are making no current purchases, have been disregarded.

J. A. BROOKBANK.

[Signature of census taker]

Subscribed and sworn to before me, a notary public, this 12th day of September, 1923.

(Signed)

JESSE H. HUSKEY.

My commission expires Mar. 1, 1927.

1144

Defendant's Exhibit (S) 11

(Form C2812. 125M-6-23-23. Printed in U. S. A.)

CENSUS OF AGRICULTURAL IMPLEMENT DEALERS AND LINES HANDLED

I have visited the place of business of Potter & Blankenship
 in Paragon, Morgan, Indiana, and ascertained that he (they)
 (Town) (County) (State)
 handled the following products during the 1923 season:

Article	Manufacturer or jobber
Tractors	Moline P. Co., Deere.
Corn binders	Moline P. Co., Deere, Massey-Harris Harv. Co.
Grain binders	Moline P. Co., Deere, Massey-Harris Harv. Co.
Push machines	Not handled.
Reaper threshers	Not handled.
Mowers	Moline P. Co., Deere, Massey-Harris Harv. Co.
Rakes	Moline P. Co., Deere, Massey-Harris Harv. Co.
Twine	I. H. C.
Cream separators	Moline P. Co., Deere, Massey-Harris Harv. Co.
Wagons	Moline P. Co., Deere, Massey-Harris Harv. Co.
Plows	Moline P. Co., Deere, Massey-Harris Harv. Co.
Thrashers	Not handled.
Shredders	Not handled.
Engines	Moline, Deere, Massey-Harris Harv. Co.
Spreaders	Moline, Deere, Massey-Harris Harv. Co.
Hay presses	Moline, Deere, Massey-Harris Harv. Co.
Hay loaders	Moline, Deere, Massey-Harris Harv. Co.
Corn planters	Moline, Deere, Massey-Harris Harv. Co.
Corn cultivators	Moline, Deere, Oliver Chilled P. Wks.
Corn shellers	Moline, Deere.
Harrows	Moline, Deere, Oliver Chilled P. Wks.
Drills	Moline, Deere, Massey-Harris Harv. Co.
Seeders	Moline, Deere, Massey-Harris Harv. Co.
Listers	Not handled.
Tedders	Moline, Deere, Massey-Harris Harv. Co.
Ensilage cutters	Moline, Deere.
Feed grinders	Moline, Deere, Massey-Harris Harv. Co.
Rollers, pulverizers, or packers	Moline, Deere, Massey-Harris Harv. Co.

Dated August 6, 1923.

J. A. BROOKRANK.

INSTRUCTIONS.—Fill in name of manufacturer or jobber of all goods handled. If any goods listed are not handled, mark "not handled." Mark with a star (*) all carried-over I. H. C. goods in process of being closed out by dealers having no current 1923 contracts.

1145 *Defendant's Exhibit (S) 13*

(Form C2812. 12M-6 23-25. Printed in U. S. A.)

CENSUS OF AGRICULTURAL IMPLEMENT DEALERS AND LINES HANDLED

I have visited the place of business of Reed Bros., in Peru,
 (Name of dealer) (Town)
 Miami, Indiana, and ascertained that he (they) handled the follow-
 (County) (State)
 ing products during the 1923 season:

Article	Manufacturer or jobber
Tractors	Not handled.
Corn binders	Massey-Harris Harv. Co.
Grain binders	Massey-Harris Harv. Co.
Push machines	Not handled.
Reaper threshers	Not handled.
Mowers	Massey-Harris Harv. Co.
Rakes	Massey-Harris Harv. Co.
Twine	Not handled.
Cream separators	Massey-Harris Harv. Co.
Wagons	I. H. C.
Plows	J. I. Case P. Wks., Oliver Chilled P. Wks.
Thrashers	Not handled.
Shredders	Not handled.
Engines	Fairbanks-Morse.
Spreaders	Massey-Harris Harv. Co., Eagle Straw Spdr. Co.
Hay presses	Not handled.
Hay loaders	Massey-Harris Harv. Co.
Corn planters	J. I. Case Plow Wks.
Corn cultivators	J. I. Case Plow Wks., Oliver Chilled P. Wks.
Corn shellers	Fairbanks-Morse.
Harrows	J. I. Case Plow Wks.
Drills	Am. Seeding Mach. Co.
Seeders	Am. Seeding Mach. Co.
Listers	Not handled.
Tedders	Not handled.
Ensilage cutters	Not handled.
Feed grinders	Fairbanks-Morse.
Rollers, pulverizers or packers	Oliver Chilled P. Wks., Massey-Harris Harv. Co.

Dated July 12, 1923.

J. A. BROOKBANK.

INSTRUCTIONS.—Fill in name of manufacturer or jobber of all goods handled.
 If any goods listed are not handled, mark "Not handled." Mark with a star (*)
 all carried-over I. H. C. goods in process of being closed out by dealers having
 no current 1923 contracts.

1146 *Defendants' Exhibit (S) 13*RESOLUTION ADOPTED AT THE SECOND ANNUAL CONVENTION OF
THE IOWA FARM BUREAU FEDERATION ON JANUARY 5, 1924

(Received from the Des Moines branch house)

[Iowa Farm Bureau Messenger—Second annual convention of the Iowa Farm
Bureau Federation]

It was a large and enthusiastic gathering of Farm Bureau workers
 that faced President Hunt when he called the second annual con-
 vention of the Iowa Farm Bureau Federation to order the morning

of January 5. The opening attendance was full 70 per cent larger than the first-day attendance at the convention one year ago, while the total attendance ranges well up toward 1,500.

Resolutions

Resolutions were adopted as follows:

Introduction

The delegates to the Iowa Farm Bureau Federation in second convention assembled, appreciating the loyal support of our membership, the wise counsel of our directors and executive officials, the generous publicity given to our organization by the press, the consideration given us by our legislators, and looking forward to the further usefulness of our organization to our membership, our State, and our Nation, do hereby submit the following resolutions:

(16) We deplore the attitude of farm-machinery manufacturers in regard to the prices asked for their products, and we recommend to our farmers the careful repairing of all machinery that can economically be made serviceable. Furthermore, our Farm Bureau should conduct an excess machinery inventory to facilitate the exchange of same, thus obviating as far as possible the necessity of purchasing new equipment. To this end we advocate a week to be known as "Repair week," requesting all farmers to get all machinery in workable shape.

1147

Defendants' Exhibit (8) 14

Following is a list of purchasers of Moline binders for this season:

Tom Bigler,	Fred Griffiths,	Clyde Smith,
O. V. Sewell,	Geo. Fritz,	Roy Bumsted,
A. E. Cooper,	C. E. Mullen,	Theo. Garrieta,
Glenn Gibbs,	F. H. Hughes,	Roy Glace,
Calvin Liffe,	A. P. Adams,	Fred Lippe,
G. B. Steffen,	Cecil Cole,	S. K. Reed,
Lippe Bros.,	Wm. Nennick,	David Hileman,
John Kenne,	U. S. Engel,	W. S. Tucker,
A. W. Kolling (two	Gingrich Bros.,	Herman Young,
binders),	W. I. Martin,	Cetinger Bros.,
Gus Schrum,	Milo Bowers,	

There's a reason. Come in and see this line of quality binders. Leave your order early so you are sure of delivery.

Marshall Implement and Garage Co.

We have canvas for all makes of binders, also chains, belts, oids, etc., for your harvest.

INTERNATIONAL HARVESTER COMPANY—SUMMARY OF SALES OF MACHINES, ATTACHMENTS, AND REPAIRS, UNITED STATES, YEARS 1903 TO 1923

	1903		1904		1905		1906		1907	
	Proceeds	%	Proceeds	%	Proceeds	%	Proceeds	%	Proceeds	%
Old-line harvesters										
Grain harvesters (including rice harvesters)	\$10,262,029	37.4	\$8,442,322	24.5	\$8,781,264	24.5	\$8,130,650	26.4	\$8,047,180	24.5
Reapers	262,000	1.0	196,996	.6	172,337	.5	160,851	.5	137,066	.4
Small harvesters, binders (including binding and elevator attachments)	578,519	2.1	492,772	1.4	719,446	2.0	797,000	2.4	816,337	2.2
Mowers	2,115,445	8.0	4,493,042	12.8	5,776,790	16.5	5,562,160	17.2	6,303,002	17.0
Row-crop harvesters	2,796,443	10.0	2,114,823	6.1	1,936,261	5.6	1,838,082	5.8	2,067,332	5.8
Attachments	1,794,365	6.2	1,337,979	3.8	1,052,490	3.0	1,211,267	3.7	1,582,124	4.3
Total old-line harvesters and attachments										
Reapers	\$22,860,867	43.3	\$19,235,194	50.9	\$18,419,864	52.5	\$18,856,478	59.4	\$20,264,781	54.7
	2,865,514	8.7	2,500,867	10.5	2,341,863	6.7	2,175,428	6.8	2,151,008	5.5
Total old-line harvesters	\$25,726,381	92.0	\$21,736,061	91.3	\$20,761,967	81.7	\$21,032,906	66.2	\$22,335,419	60.5
New-line harvesters										
Grain harvesters (Barometer harvesters, threshers, grain shockers, strip-pers, etc.)										
Grain machines (harvesters, side rake and rollers, pump rakes, hay loaders, hay presses, etc.)	\$99,087	.7	\$444,325	1.0	1,116,335	4.4	\$1,540,200	4.2	\$1,532,339	4.2
Corn machines (harvesters, combine harvesters, pickers, shellers, etc.)	1,004,210	2.7	663,062	2.9	1,421,869	5.5	1,002,724	2.6	1,024,564	2.6
Things implements	562,781	2.0	545,111	2.3	796,651	3.0	1,063,010	2.8	1,126,794	2.9
Planters, drills, and seeding machines										
Planters			60,350	.2	1,274,816	5.0	3,013,303	8.4	3,004,160	8.2
Tractors										
Motor tractors										
Tractors and gears										
Trucks										
Attachments (cream separators, mowers, spreaders, etc., and attachments)										
	216,854	.8	58,066	.4	533,711	2.1	2,465,280	7.6	4,574,268	12.3
Total new-line harvesters and attachments	\$1,000,365	7.2	\$1,433,974	7.7	\$4,115,462	16.2	\$10,095,082	31.2	\$15,164,078	39.7
Repairs	208,391	.8	337,412	1.0	523,245	2.1	1,161,046	3.6	1,401,400	3.6
Total new-line harvesters	\$2,108,756	8.0	\$2,073,386	8.7	\$4,638,707	18.3	\$11,256,128	34.8	\$16,565,478	43.3
Total machines, attachments, and repairs	\$27,475,111	100.0	\$23,799,447	100.0	\$25,400,697	100.0	\$32,289,034	100.0	\$38,921,317	100.0

INTERNATIONAL HARVESTER COMPANY.—SUMMARY OF SALES OF MACHINES, ATTACHMENTS, AND REPAIRS, ETC.—Continued

[illegible]

Illustration 11. Haverhill Company—Summary of Sale of Machines, Attachments, and Repairs, Etc.—Continued

	1929		1928		1927		1926		1925		1924	
	Proceeds	%	Proceeds	%	Proceeds	%	Proceeds	%	Proceeds	%	Proceeds	%
U.S. Steel Institute												
U.S. Steel Institute	\$1,147,644	15.9	\$12,185,154	29.9	\$10,420,440	6.7	\$4,642,725	6.9	\$4,727,252	6.6		
U.S. Steel Institute	83,962	1.1	112,364	0.3	46,473	0.3	30,912	0.4	27,006	0.3		
U.S. Steel Institute	1,700,244	22.7	1,805,869	4.3	862,022	1.9	519,408	0.8	925,444	1.2		
U.S. Steel Institute	1,528,542	20.0	1,572,248	3.8	4,494,931	4.9	2,572,445	3.8	4,163,751	5.5		
U.S. Steel Institute	1,873,801	24.7	1,925,741	4.7	1,646,799	2.1	874,209	1.3	1,117,519	1.5		
U.S. Steel Institute	1,977,000	26.2	2,154,106	5.3	1,615,200	2.2	1,204,116	1.8	1,909,932	2.5		
U.S. Steel Institute	1,923,491	25.5	2,122,026	5.2	1,608,871	2.2	1,207,392	1.8	2,044,127	2.7		
Total U.S. Steel Institute and affiliated	\$2,982,447	39.8	\$27,681,049	69.4	\$21,668,643	16.6	\$10,961,511	16.1	\$12,243,612	16.1		
Boys' Life	\$1,005,751	13.3	\$1,961,063	4.8	\$2,721,454	2.3	\$2,392,993	3.6	\$2,036,757	2.7		
Total U.S. Steel Institute	\$3,988,198	53.1	\$29,642,112	74.2	\$24,390,097	22.1	\$13,354,504	20.0	\$14,280,369	20.0		
New York Institute												
New York Institute	\$1,472,273	1.9	\$1,338,116	3.3	\$2,200,953	4.1	\$1,406,026	2.1	\$724,112	1.0		
New York Institute	2,361,441	3.1	2,196,156	5.5	1,738,272	2.4	1,028,147	1.5	2,172,000	2.9		
New York Institute	1,986,121	2.6	1,782,087	4.5	1,424,317	2.6	1,081,018	1.6	2,892,599	3.9		
New York Institute	2,265,114	3.0	2,038,052	5.2	1,426,420	2.6	1,078,399	1.6	3,342,274	4.5		
New York Institute	4,72,012	0.6	4,861,051	12.3	4,445,959	8.1	3,182,680	4.7	4,532,640	6.1		
New York Institute	1,984,439	2.6	1,842,027	4.6	1,461,129	2.7	1,012,092	1.5	2,152,420	2.9		
New York Institute	1,982,289	2.6	1,922,026	4.9	1,221,280	2.2	874,091	1.3	1,792,226	2.4		
New York Institute	1,982,971	2.6	1,942,026	4.9	1,422,441	2.6	1,078,120	1.6	2,192,226	2.9		
New York Institute	2,432,699	3.2	2,178,274	5.5	1,722,508	3.1	1,077,006	1.6	2,677,967	3.6		
New York Institute	2,631,419	3.5	2,404,248	6.1	1,941,924	3.5	1,377,707	2.0	3,941,266	5.3		
Total New York Institute and affiliated	\$3,939,419	51.9	\$4,979,436	12.4	\$3,902,179	9.1	\$2,483,803	3.6	\$43,022,964	58.4		
Boys' Life	\$1,206,923	1.6	\$1,154,181	2.9	\$1,517,981	2.8	\$1,533,822	2.3	\$1,584,724	2.1		
Total New York Institute	\$5,146,642	67.2	\$5,494,654	13.8	\$5,410,160	49.6	\$4,017,625	60.0	\$49,607,688	67.0		
Total Institute, affiliated, and regional	\$7,135,841	93.3	\$36,115,165	90.6	\$31,151,246	100.0	\$27,872,129	100.0	\$73,490,577	100.0		

1151-1153

Defendant's Exhibit (S) 17

INTERNATIONAL HARVESTER COMPANY—STATEMENT OF MACHINE SALES, QUANTITIES ONLY, UNITED STATES, YEARS 1903 TO 1923

	1903	1904	1905	1906	1907	1908	1909
"Old-line" machines							
Grain binders (including rice binders)	304,279	86,382	89,699	92,574	89,627	84,558	86,006
Reapers	3,702	3,796	3,459	3,361	2,761	2,463	2,069
Push binders, binders	3,818	3,067	4,813	5,295	4,469	4,115	4,587
Mowers	206,318	187,985	199,577	191,917	181,721	156,584	162,549
Bales, bales	136,143	116,967	113,893	109,402	121,244	103,380	103,474
Corn binders	17,700	16,212	10,946	14,971	16,675	19,796	16,158
"New-line" machines							
Grain machines							
Harvester threshers							
Threshers							
Chaffers							
Leaves, leaves							
Reapers, 2-wheel							
Grain machines							
Twiddlers	8,969	14,038	23,905	18,846	12,766	10,413	12,302
Side-delivery rakes			2	3,173	8,194	8,378	8,496
Side rake and tedders							
Cowp rakes		1,410	3,280	7,920	10,517	12,148	16,549
Hay stackers		990	2,410	2,165	3,144	3,366	3,784
Combined sweep rakes and stackers							
Hay loaders			1	5,140	6,891	7,002	6,844
Hay presses		20	3,449	2,278	2,495	2,629	3,253
Corn machines							
Shredders	3,564	3,011	1,087	1,490	1,306	679	1,137
Feedage cutters							
Feeders		194	64	160	579	330	719
Shedders			966	4,147	8,137	6,105	6,380
Stock cutters							
Tillage implements							
Subirrigators	6,401	6,339	12,328	18,406	18,796	21,717	38,551
Harrows	28,712	41,491	64,243	88,415	99,134	94,368	152,368
Leaves							
Land packers							
Land rollers							
Chaff-cutters							
Grain harvesters							
Planters, drill and seeding machines							
Planters and drills			2	12	1	3	14
Seeders			2	19	6		
Engines		104	6,786	16,274	16,847	15,376	18,015
Tractors				14	158	463	719
Motor trucks							274
Wagon and gear				33,418	41,671	43,643	55,125
Pumps							
Miscellaneous							
Corn separators			130	1,518	4,043	13,195	16,153
Measure spreaders			2,412	19,296	30,719	24,006	25,967
Knife graders	78,429	36,960	37,296	23,365	22,045	17,839	18,596
Feed graders				133	4,478	3,489	4,679
Cane mills							
Evaporators							
Potato diggers							
Root pullers							

INTERNATIONAL HARVESTER COMPANY—STATEMENT OF MACHINE SALES, QUANTITY ONLY, UNITED STATES, YEARS 1903 TO 1923—Continued

	1900	1911	1912	1913	1914	1915	1921
"Old-line" machines:							
Grain binders (including rice binders)	61,937	97,335	131,447	96,790	101,365	115,303	69,326
Reapers	2,640	2,485	2,197	2,323	1,834	1,825	1,779
Push binders, binders	6,329	4,321	5,708	5,265	6,419	7,280	6,860
Mowers	165,286	141,536	164,287	159,641	134,797	143,301	141,000
Mows, mows	106,584	86,912	97,635	95,440	75,065	72,214	72,679
Corn binders	23,749	39,007	36,274	33,264	32,340	25,085	18,367
"New-line" machines:							
Grain machines—							
Harvester threshers						50	100
Threshers							
Strippers							
Lettingers							
Reapers, footed							
Grain machines—							
Reapers	14,371	6,959	6,343	8,491	7,127	7,639	7,011
Side-delivery reapers	9,311	7,986	8,379	9,945	11,165	11,579	11,661
Side reaps and loaders							114
Swamp reapers	16,025	8,479	9,367	9,291	7,951	11,579	10,706
Hay stackers	3,865	1,438	1,577	1,847	1,565	2,166	2,169
Combined swamp reapers and stackers		0	86	129	160	269	181
Hay loaders	8,912	8,106	6,959	9,967	11,665	10,629	12,266
Hay presses	4,428	4,860	6,179	4,349	3,476	3,540	2,860
Corn machines—							
Shredders	1,360	2,640	1,793	2,152	2,750	3,070	3,070
Knifing cutters			26	460	1,791	1,579	1,429
Pickers	1,419	296	1,296	1,161	874	292	290
Shellers	9,182	8,653	11,654	11,841	8,659	10,141	7,550
Shell cutters			2,329	2,436	3,054	3,654	2,379
Tillage implements—							
Cultivators	10,594	14,334	14,796	11,613	12,960	10,000	10,142
Harrows	173,379	182,013	187,716	213,139	182,618	187,479	186,640
Listers							
Land packers							9
Land rollers							1
Cult-packers							
Agricultural implements—							
Planters, drills and seeding machines—		24	60	45		31	22
Planters and drills	360	2,978	4,361	8,290	11,964	12,020	10,911
Seeders							
Engines	22,444	38,979	25,267	31,809	25,425	25,722	31,479
Tractors	1,201	1,050	2,602	1,113	960	4,879	8,466
Motor trucks	1,290	1,863	2,621	2,750	1,409	2,171	2,372
Wagons and gear	37,117	46,806	57,625	58,719	46,323	36,864	41,067
Pumps							
Miscellaneous—							
Cotton separators	21,040	17,211	22,000	21,063	17,141	20,013	14,560
Manure spreaders	47,806	33,841	36,919	29,479	31,523	18,654	30,779
Knife grinders	18,023	18,297	19,439	17,900	15,090	14,901	14,247
Feed grinders	4,927	6,001	7,663	8,961	8,194	6,037	5,888
Cane mills							
Evaporators							
Potato diggers							
Beet pullers							

INTERNATIONAL HARVESTER COMPANY—STATEMENT OF MACHINE SALES, QUANTITIES ONLY, UNITED STATES, YEARS 1903 TO 1923—Continued

	1917	1918	1919	1920	1921	1922	1923
"Old-line" machines:							
Grain binders (including rice binders)	66,121	66,182	98,077	69,780	20,856	30,644	30,161
Reapers	1,618	1,714	1,042	1,272	517	452	401
Push binders, headers	4,847	5,053	5,438	4,409	2,711	1,747	1,040
Mowers	137,945	87,314	83,202	103,817	88,997	63,062	70,341
Rakes, sickle	65,028	35,370	34,329	42,732	16,515	24,039	27,627
Corn binders	34,861	18,846	16,068	21,698	5,962	9,257	13,479
"New-line" machines:							
Grain machines—							
Harvester threshers	973	2,465	1,105	2,267	1,026	1,000	430
Threshers		1	808	1,173	435	536	267
Strippers							
Loggrainers							
Reapers, 2-wheel							
Grass machines—							
Tedders	9,785	4,935	3,436	3,284	1,415	1,938	1,297
Sickle-delivery rakes	16,039	5,906	5,368	4,389	739	269	94
Sickle rakes and tedders	1,293	3,099	4,579	5,387	6,665	7,563	8,983
Sweep rakes	16,731	6,810	8,472	7,680	3,291	4,337	4,937
Hay stackers	2,100	1,439	1,996	1,683	527	873	966
Combined sweep rakes and stackers	229	148	217	192	56	78	96
Hay loaders	13,059	16,277	10,997	11,742	7,471	8,648	9,907
Hay presses	2,029	2,018	2,165	2,849	1,107	2,169	1,638
Corn machines—							
Shredders	1,483	1,671	1,920	2,472	1,471	1,575	1,639
Shedding cutters	2,933	3,010	3,181	4,458	2,316	2,583	2,165
Pickers	1,243	3,412	1,922	2,504	389	1,120	4,012
Shellers	6,371	5,369	6,794	9,344	4,698	7,062	9,500
Stalk cutters	2,391	3,187	3,701	4,147	730	1,165	2,050
Tillage implements—							
Cultivators	60,090	55,474	59,025	100,111	52,567	65,410	90,500
Harrows	174,623	136,547	126,625	191,213	84,626	95,819	125,780
Levelers			70	7,111	3,191	7,194	10,249
Land packers		1	18	82	33	33	
Land rollers							
Culti-packers							6,909
Alfalfa renovators	10	2					
Planters, drills and seeding machines							
Planters and drills	11,076	8,960	8,929	40,937	16,197	18,890	27,449
Seeders				9,651	6,430	6,090	7,909
Engines	21,617	26,745	41,269	39,260	16,202	17,701	18,861
Tractors	11,190	15,119	21,337	20,687	6,226	18,708	10,415
Motor trucks	5,000	7,109	6,800	5,809	3,010	10,708	9,226
Wagons and gears	65,612	31,279	27,975	27,199	4,490	8,247	21,981
Plows			26,960	80,561	25,612	49,938	52,020
Miscellaneous							
Cotton separators	19,820	19,183	26,718	29,278	11,524	20,404	31,722
Manure spreaders	19,805	11,984	18,252	22,250	12,744	13,960	14,560
Knife grinders	19,547	13,960	18,677	22,120	13,521	14,564	18,022
Feed grinders	4,780	4,170	7,661	13,215	7,571	13,708	14,848
Cane mills			1,658	3,327	1,809	404	252
Evaporators			1,754	3,942	2,690	945	799
Potato diggers			191	590	1,170	4,995	3,290
Root pullers			661	1,655	509	163	378

1155

Defendant's Exhibit (S) 19

AGRICULTURAL IMPLEMENT INDUSTRY—STATISTICS RELATING TO PRODUCTION AND SALES, SHOWING PROPORTION OF INTERNATIONAL HARVESTER COMPANY BUSINESS TO THE TOTAL BUSINESS OF THE INDUSTRY

EXHIBIT "A"—Factory value of products, years 1900, 1914, 1919, 1920, 1921, and 1922

EXHIBIT "B"—Production and sales statistics, year 1920

EXHIBIT "C"—Production and sales statistics, year 1922

1156 EXHIBIT "A"—AGRICULTURAL IMPLEMENT INDUSTRY—FACTORY VALUE OF PRODUCTS, ALL MANUFACTURERS AND INTERNATIONAL HARVESTER COMPANY, YEARS 1900, 1914, 1919, 1920, 1921, AND 1922

	1900		1914		1919	
	All manufacturers	I. H. Co.	All manufacturers	I. H. Co.	All manufacturers	I. H. Co.
Plows and cultivators	\$30,765,000	\$1,054,000	\$39,462,000	\$4,367,000	\$65,320,000	\$3,940,000
Planters and seeders	12,141,000	125,000	12,180,000	309,000	17,400,000	309,000
Harvesting implements						
Hay rakes and batters			3,204,000	1,914,000	4,772,000	2,085,000
Mowers and reapers *	14,800,000	21,720,000	26,975,000	22,333,000	60,170,000	27,950,000
Other			5,975,000	1,107,000	9,270,000	6,025,000
Seed separators						
Threshers	16,000,000	207,000	9,932,000		19,000,000	5
All other agricultural implements, including parts			27,944,000		64,100,000	
All other products	69,000,000	1,970,000	21,277,000	9,549,000	69,000,000	27,771,000
Amount received for repairs work	3,115,000		1,437,000		12,000,000	
% I. H. Co. in all manufacturers		12.9%		34.6%		30.7%

	1920		1921		1922	
	All manufacturers	I. H. Co.	All manufacturers	I. H. Co.	All manufacturers	I. H. Co.
Planting machinery	\$20,067,000	\$1,009,000	\$9,144,000	\$1,060,000	\$4,214,000	\$720,000
Plows and rakes	43,225,000	1,090,000	15,067,000	1,970,000	9,690,000	207,000
Tractor implements	20,570,000	6,775,000	10,105,000	1,617,000	4,777,000	1,082,000
Chaff cutters	15,000,000	1,000,000	6,305,000	1,271,000	4,972,000	711,000
Haying machinery	20,300,000	14,791,000	10,130,000	4,045,000	7,422,000	5,110,000
Harvesting machinery	67,015,000	30,055,000	19,059,000	12,102,000	15,822,000	7,002,000
Machines for preparing crops for market or use	27,613,000	4,701,000	21,130,000	3,905,000	19,304,000	1,400,000
Stump tractors and traction engines	4,905,000		1,974,000		1,005,000	
Gas tractors	205,005,000	20,901,000	60,205,000	11,970,000	52,170,000	4,140,000
Horse-drawn vehicles	42,125,000	5,426,000	5,001,000	1,009,000	11,955,000	240,000
Barn equipment			626,000		4,120,000	
Miscellaneous	90,100,000	11,001,000	175,700,000	20,301,000	79,220,000	10,874,000
% I. H. Co. in all manufacturers		10.7%		10.6%		13.7%

Note.—The figures in the column "All manufacturers" have been compiled from reports published by the Bureau of Census, Dept. of Commerce, as follows:

Years 1900, 1914, and 1919 from the report entitled "Fourteenth Census of the United States: Manufactures, 1919—Agricultural implements."

Years 1920, 1921, and 1922 from the special report entitled "Manufactures and sale of farm equipment, 1922."

The figures in the column "I. H. Co." have been taken from the reports furnished by the company to the Census Bureau.

* Census classification—includes grain binders, corn binders, headers, etc.

REFERENCE: — *Agricultural Machinery Industry—Production and Value Added*, U.S. Department of Commerce and Bureau of Economic Warfare, National Industrial Conference Board, Year 1920.

	Manufactured				Intermediate sales				Foreign sales			
	Quantity		Value		Quantity		Value		Quantity		Value	
	All	I H Co	All	I H Co	All	I H Co	All	I H Co	All	I H Co	All	I H Co
Planting machinery	672,340	25,540	238,927,000	8,698,370	698,030	837,612,000	53,370,000	10,432	4,472	81,458,000	840,700	
Power and light	3,851,279	127,804	43,422,000	4,968,000	3,213,979	43,443,700,000	4,990,000	222,677	16,627	1,167,000	3,167,000	
Transportation	238,504	995,200	22,910,000	6,726,000	268,764	27,636,000	6,980,000	68,563	44,967	1,466,000	354,000	
Chemical products	198,179	965,924	13,516,000	4,726,000	198,067	19,067,000	3,222,000	45,802	27,670	470,000	216,000	
Printing and paper	411,840	347,968	14,381,000	14,787,000	328,137	19,497,000	8,714,000	94,001	68,145	6,380,000	4,655,000	
Iron and steel	352,177	352,186	41,015,000	40,003,000	168,426	85,628,000	18,194,000	41,334	26,915	7,320,000	8,420,000	
Machinery for processing sugar for mass	120,772	26,340	34,423,000	4,781,000	190,054	54,740,000	4,787,000	80,720	840	8,010,000	198,000	
Ref. for use	20,720	20,720	4,061,000	1,407,000	1,407	3,430,000	3,430,000	28,127	7,325	30,850,000	7,440,000	
Steam engines and traction engines	393,207	30,170	28,562,000	26,811,000	162,988	46,820,000	2,264,000	26,143	164	380,000	15,000	
Gas turbines	440,880	38,657	42,425,000	4,428,000	430,450	60,820,000	4,428,000	8,310				
Internal-combustion engines			28,344,000	11,061,000		62,426,000	4,106,000			7,462,000	1,127,000	
Boys equipment			238,945,000	100,147,000		471,442,000	90,902,000			86,628,000	22,004,000	
Nonferrous metal				30,375			17,275				33,075	
Total												
I H Co in all manufacturers				30,375			17,275					

Notes. The above figures have been prepared from the annual report of the Bureau of Census, Department of Commerce, statistics "Manufacture and sale of farm equipment, 1922-1923". Information on "Manufactures" can not be obtained for all lines comparable with the information on "Manufactures" compiled by the Census Bureau in that year.

1158 EXHIBIT "C"—AGRICULTURAL IMPLEMENT INDUSTRY—PRODUCTION AND SALES STATISTICS, ALL MANUFACTURERS AND INTERNATIONAL HARVESTER COMPANY, YEAR 1922

	Manufactured				Domestic sales				Foreign sales			
	Quantity		Value		Quantity		Value		Quantity		Value	
	A.H.	I. H. Co.	A.H.	I. H. Co.	A.H.	I. H. Co.	A.H.	I. H. Co.	A.H.	I. H. Co.	A.H.	I. H. Co.
Planting machinery—	796, 230	35, 363	\$726, 000	\$726, 000	105, 413	21, 300	\$5, 241, 000	\$1, 143, 000	8, 413	796	\$445, 000	\$445, 000
Plows and harrows—	447, 405	27, 803	125, 000	125, 000	435, 436	45, 064	1, 473, 000	1, 473, 000	10, 133	1, 407	1, 407, 000	1, 407, 000
Tractor implements—	398, 333	38, 303	3, 082, 000	3, 082, 000	303, 573	54, 730	8, 573, 000	8, 573, 000	13, 720	1, 420	225, 000	225, 000
Cultivators—	154, 367	85, 774	8, 112, 000	8, 112, 000	146, 367	215, 927	8, 821, 000	4, 055, 000	14, 330	6, 300	754, 000	754, 000
Harvesting machinery—	86, 665	43, 114	7, 005, 000	7, 005, 000	86, 637	43, 378	11, 242, 000	5, 401, 000	11, 307	11, 307	2, 747, 000	2, 747, 000
Machines for preparing crops for use—	173, 238	18, 373	1, 404, 000	1, 404, 000	146, 039	27, 635	14, 373, 000	2, 064, 000	26, 024	1, 430	3, 437, 000	3, 437, 000
Grain tractors—	36, 037	11, 779	5, 175, 000	5, 175, 000	33, 173	18, 098	12, 445, 000	8, 302, 000	10, 237	900	8, 436, 000	8, 436, 000
Harvesting vehicles—	143, 540	1, 407	11, 423, 000	140, 000	138, 307	6, 747	14, 475, 000	745, 000	3, 028	14	118, 000	118, 000
Parts and accessories—							4, 306, 000	3, 000, 000			5, 000	5, 000
Manufactures—							43, 305, 000	18, 329, 000			5, 694, 000	1, 630, 000
Total—			338, 145, 000	31, 625, 000			272, 895, 000	43, 122, 000			21, 663, 000	5, 154, 000
% I. H. Co. to all manufacturers—				15. 1%				18. 3%				22. 9%

NOTE.—The above figures have been prepared from the annual report of the Bureau of Census, Department of Commerce, entitled "Manufacture and sale of farm equipment, 1922." A statement similar to the above for the year 1921 is not being presented, for the reason that "Domestic and foreign sales" information can not be obtained for all lines comparable with information on "Manufactures" compiled by the Census Bureau in that year.

INTERNATIONAL HARVESTER COMPANY—COMPARISON OF WHOLESALE PRICES—UNITED STATES "OLD" AND "NEW" LINE MACHINES,
1913 TO 1923

(Expressed in index numbers, 1913=100)

Date collected	Typical "old" line machines		Typical "new" line machines										Simple averages		Weighted averages	
	6 ft. grain binder	5 ft. mow-cure rake	16 ft. 26 corn picker	Type wind-saw cutting	No. 11 2-horse wheel tractor plow	No. 11 16 ft. 2-horse disk harrow	No. 1 16 ft. 2-horse A & Q corn planter	No. 4 12 ft. 2-horse multi-valve drill	12 ft. 7 single-furrow spreader or	No. 2 10-horse vacuum separator	2-horse farm wagon	Type "old" line machine	Type "new" line machine	AB "old" line machine	AB "new" line machine	All line machines except those noted
January, 1913	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March, 1915	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
December, 1916	111	111	106	100	100	100	100	100	100	100	100	100	100	100	100	100
February, 1917	127	127	128	100	100	100	100	100	100	100	100	100	100	100	100	100
September, 1917	171	171	180	100	100	100	100	100	100	100	100	100	100	100	100	100
November, 1918	171	171	180	100	100	100	100	100	100	100	100	100	100	100	100	100
April, 1920	171	171	180	100	100	100	100	100	100	100	100	100	100	100	100	100
November, 1920	180	180	180	100	100	100	100	100	100	100	100	100	100	100	100	100
April, 1921	180	180	180	100	100	100	100	100	100	100	100	100	100	100	100	100
October, 1921	180	180	180	100	100	100	100	100	100	100	100	100	100	100	100	100
February, 1922	180	180	180	100	100	100	100	100	100	100	100	100	100	100	100	100
May, 1923	180	180	180	100	100	100	100	100	100	100	100	100	100	100	100	100

Note.—In the above statement the wholesale prices in effect at the beginning of the year 1913 have been taken as 100, and the index numbers for the subsequent years have been based on this standard.

The index numbers shown in the "Simple average" columns represent an average of the index numbers of the "old" and the "new" line machines shown on this statement. The index numbers shown in the "Weighted average" columns are obtained by using the average quantities sold during the ten-year period 1913 to 1922 for each type of machine and multiplying these average quantities by the wholesale prices of each typical machine in effect at the various dates.

The weighted averages are based on all machines now made by the International Harvester Company except certain machines not made until after 1913, such as harvester threshers and pickup diggers, also tractors and engines in which the changes of type during the period 1913 to 1923 were so radical as to destroy the value of price comparison, and motor trucks which were not considered agricultural implements.

The price prices of the F. & O. Company and Chattanooga Flow Company are used for the years prior to 1919 when the I. H. Company acquired the plants and lines of those two companies.

1160 INTERNATIONAL HARVESTER COMPANY—COMPARISON OF WHOLESALE PRICES, UNITED STATES "OLD" AND "NEW" LINE MACHINES 1913 TO 1923, USED IN DETERMINING INDEX NUMBERS SHOWN IN EXHIBIT D (8) 20

	Jan. 1913	Mar. 1915	Dec. 1916	Feb. 1917	Sept. 1917	Nov. 1919	April 1920	Nov. 1920	April 1921	Oct. 1921	Feb. 1922	May 1922
"Old" line machines:												
6-ft. grain binder	\$102.00	\$107.50	\$117.50	\$130.00	\$172.00	\$165.00	\$181.50	\$195.00	\$172.00	\$146.00	\$156.00	\$196.00
6-ft. grain binder	127.00	130.00	141.50	154.00	203.00	192.00	211.20	222.00	196.75	170.00	180.00	190.00
6-ft. reaper	55.00	57.50	62.00	70.00	80.00	85.00	90.00	105.00	94.50	85.00	90.00	96.00
12-ft. portable binder	120.00	130.00	175.00	220.00	285.00	270.00	297.00	305.00	285.75	252.50	262.50	277.50
12-ft. portable harrow	120.00	140.00	155.00	200.00	265.00	255.00	268.00	275.00	244.25	208.50	218.00	223.00
6-ft. mower	86.00	90.00	92.00	100.00	105.00	105.00	108.20	115.00	105.75	95.00	100.00	105.00
10-ft. rake	100.00	105.00	110.00	120.00	135.00	130.00	138.50	145.00	135.25	120.50	130.00	140.00
6-ft. binder	102.00	107.50	117.50	130.00	172.00	165.00	181.50	195.00	172.00	146.00	156.00	196.00
"New" line machines:												
6-ft. grain binder	45.00	47.00	50.00	52.00	75.00	72.50	79.75	79.75	71.75	58.00	58.00	58.00
6-ft. grain binder	51.00	53.00	55.00	57.00	80.00	77.50	82.25	82.25	75.00	65.50	65.50	65.50
6-ft. reaper	10.00	10.00	10.00	10.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
12-ft. portable binder	14.00	14.00	17.50	21.00	28.50	28.50	31.40	31.40	28.25	25.50	26.50	27.50
6-ft. hay binder	40.00	47.50	50.00	55.00	65.00	65.00	70.00	70.00	65.00	55.00	55.00	55.00
6-ft. hay binder	50.00	57.50	60.00	65.00	80.00	80.00	85.00	85.00	80.00	70.00	70.00	70.00
6-ft. hay press	205.00	225.00	245.00	265.00	375.00	355.00	385.00	385.00	345.00	302.00	310.00	310.00
6-ft. hay press	245.00	265.00	285.00	305.00	425.00	405.00	435.00	435.00	405.00	362.00	370.00	370.00
6-ft. hay press	345.00	365.00	385.00	405.00	525.00	505.00	535.00	535.00	505.00	462.00	470.00	470.00
6-ft. hay press	385.00	405.00	425.00	445.00	565.00	545.00	575.00	575.00	545.00	502.00	510.00	510.00
6-ft. hay press	425.00	445.00	465.00	485.00	605.00	585.00	615.00	615.00	585.00	542.00	550.00	550.00
6-ft. hay press	465.00	485.00	505.00	525.00	645.00	625.00	655.00	655.00	625.00	582.00	590.00	590.00
6-ft. hay press	505.00	525.00	545.00	565.00	685.00	665.00	695.00	695.00	665.00	622.00	630.00	630.00
6-ft. hay press	545.00	565.00	585.00	605.00	725.00	705.00	735.00	735.00	705.00	662.00	670.00	670.00
6-ft. hay press	585.00	605.00	625.00	645.00	765.00	745.00	775.00	775.00	745.00	702.00	710.00	710.00
6-ft. hay press	625.00	645.00	665.00	685.00	805.00	785.00	815.00	815.00	785.00	742.00	750.00	750.00
6-ft. hay press	665.00	685.00	705.00	725.00	845.00	825.00	855.00	855.00	825.00	782.00	790.00	790.00
6-ft. hay press	705.00	725.00	745.00	765.00	885.00	865.00	895.00	895.00	865.00	822.00	830.00	830.00
6-ft. hay press	745.00	765.00	785.00	805.00	925.00	905.00	935.00	935.00	905.00	862.00	870.00	870.00
6-ft. hay press	785.00	805.00	825.00	845.00	965.00	945.00	975.00	975.00	945.00	902.00	910.00	910.00
6-ft. hay press	825.00	845.00	865.00	885.00	1005.00	985.00	1015.00	1015.00	985.00	942.00	950.00	950.00
6-ft. hay press	865.00	885.00	905.00	925.00	1045.00	1025.00	1055.00	1055.00	1025.00	982.00	990.00	990.00
6-ft. hay press	905.00	925.00	945.00	965.00	1085.00	1065.00	1095.00	1095.00	1065.00	1022.00	1030.00	1030.00
6-ft. hay press	945.00	965.00	985.00	1005.00	1125.00	1105.00	1135.00	1135.00	1105.00	1062.00	1070.00	1070.00
6-ft. hay press	985.00	1005.00	1025.00	1045.00	1165.00	1145.00	1175.00	1175.00	1145.00	1102.00	1110.00	1110.00
6-ft. hay press	1025.00	1045.00	1065.00	1085.00	1205.00	1185.00	1215.00	1215.00	1185.00	1142.00	1150.00	1150.00
6-ft. hay press	1065.00	1085.00	1105.00	1125.00	1245.00	1225.00	1255.00	1255.00	1225.00	1182.00	1190.00	1190.00
6-ft. hay press	1105.00	1125.00	1145.00	1165.00	1285.00	1265.00	1295.00	1295.00	1265.00	1222.00	1230.00	1230.00
6-ft. hay press	1145.00	1165.00	1185.00	1205.00	1325.00	1305.00	1335.00	1335.00	1305.00	1262.00	1270.00	1270.00
6-ft. hay press	1185.00	1205.00	1225.00	1245.00	1365.00	1345.00	1375.00	1375.00	1345.00	1302.00	1310.00	1310.00
6-ft. hay press	1225.00	1245.00	1265.00	1285.00	1405.00	1385.00	1415.00	1415.00	1385.00	1342.00	1350.00	1350.00
6-ft. hay press	1265.00	1285.00	1305.00	1325.00	1445.00	1425.00	1455.00	1455.00	1425.00	1382.00	1390.00	1390.00
6-ft. hay press	1305.00	1325.00	1345.00	1365.00	1485.00	1465.00	1495.00	1495.00	1465.00	1422.00	1430.00	1430.00
6-ft. hay press	1345.00	1365.00	1385.00	1405.00	1525.00	1505.00	1535.00	1535.00	1505.00	1462.00	1470.00	1470.00
6-ft. hay press	1385.00	1405.00	1425.00	1445.00	1565.00	1545.00	1575.00	1575.00	1545.00	1502.00	1510.00	1510.00
6-ft. hay press	1425.00	1445.00	1465.00	1485.00	1605.00	1585.00	1615.00	1615.00	1585.00	1542.00	1550.00	1550.00
6-ft. hay press	1465.00	1485.00	1505.00	1525.00	1645.00	1625.00	1655.00	1655.00	1625.00	1582.00	1590.00	1590.00
6-ft. hay press	1505.00	1525.00	1545.00	1565.00	1685.00	1665.00	1695.00	1695.00	1665.00	1622.00	1630.00	1630.00
6-ft. hay press	1545.00	1565.00	1585.00	1605.00	1725.00	1705.00	1735.00	1735.00	1705.00	1662.00	1670.00	1670.00
6-ft. hay press	1585.00	1605.00	1625.00	1645.00	1765.00	1745.00	1775.00	1775.00	1745.00	1702.00	1710.00	1710.00
6-ft. hay press	1625.00	1645.00	1665.00	1685.00	1805.00	1785.00	1815.00	1815.00	1785.00	1742.00	1750.00	1750.00
6-ft. hay press	1665.00	1685.00	1705.00	1725.00	1845.00	1825.00	1855.00	1855.00	1825.00	1782.00	1790.00	1790.00
6-ft. hay press	1705.00	1725.00	1745.00	1765.00	1885.00	1865.00	1895.00	1895.00	1865.00	1822.00	1830.00	1830.00
6-ft. hay press	1745.00	1765.00	1785.00	1805.00	1925.00	1905.00	1935.00	1935.00	1905.00	1862.00	1870.00	1870.00
6-ft. hay press	1785.00	1805.00	1825.00	1845.00	1965.00	1945.00	1975.00	1975.00	1945.00	1902.00	1910.00	1910.00
6-ft. hay press	1825.00	1845.00	1865.00	1885.00	2005.00	1985.00	2015.00	2015.00	1985.00	1942.00	1950.00	1950.00
6-ft. hay press	1865.00	1885.00	1905.00	1925.00	2045.00	2025.00	2055.00	2055.00	2025.00	1982.00	1990.00	1990.00
6-ft. hay press	1905.00	1925.00	1945.00	1965.00	2085.00	2065.00	2095.00	2095.00	2065.00	2022.00	2030.00	2030.00
6-ft. hay press	1945.00	1965.00	1985.00	2005.00	2125.00	2105.00	2135.00	2135.00	2105.00	2062.00	2070.00	2070.00
6-ft. hay press	1985.00	2005.00	2025.00	2045.00	2165.00	2145.00	2175.00	2175.00	2145.00	2102.00	2110.00	2110.00
6-ft. hay press	2025.00	2045.00	2065.00	2085.00	2205.00	2185.00	2215.00	2215.00	2185.00	2142.00	2150.00	2150.00
6-ft. hay press	2065.00	2085.00	2105.00	2125.00	2245.00	2225.00	2255.00	2255.00	2225.00	2182.00	2190.00	2190.00
6-ft. hay press	2105.00	2125.00	2145.00	2165.00	2285.00	2265.00	2295.00	2295.00	2265.00	2222.00	2230.00	2230.00
6-ft. hay press	2145.00	2165.00	2185.00	2205.00	2325.00	2305.00	2335.00	2335.00	2305.00	2262.00	2270.00	2270.00
6-ft. hay press	2185.00	2205.00	2225.00	2245.00	2365.00	2345.00	2375.00	2375.00	2345.00	2302.00	2310.00	2310.00
6-ft. hay press	2225.00	2245.00	2265.00	2285.00	2405.00	2385.00	2415.00	2415.00	2385.00	2342.00	2350.00	2350.00
6-ft. hay press	2265.00	2285.00	2305.00	2325.00	2445.00	2425.00	2455.00	2455.00	2425.00	2382.00	2390.00	2390.00
6-ft. hay press	2305.00	2325.00	2345.00	2365.00	2485.00	2465.00	2495.00	2495.00	2465.00	2422.00	2430.00	2430.00
6-ft. hay press	2345.00	2365.00	2385.00	2405.00	2525.00	2505.00	2535.00	2535.00	2505.00	2462.00	2470.00	2470.00
6-ft. hay press	2385.00	2405.00	2425.00	2445.00	2565.00	2545.00	2575.00	2575.00	2545.00	2502.00	2510.00	2510.00
6-ft. hay press	2425.00	2445.00	2465.00	2485.00	2605.00	2585.00	2615.00	2615.00	2585.00	2542.00	2550.00	2550.00
6-ft. hay press	2465.00	2485.00	2505.00	2525.00	2645.00	2625.00	2655.00	2655.00	2625.00	2582.00	2590.00	2590.00
6-ft. hay press	2505.00	2525.00	2545.00	2565.00	2685.00	2665.00	2695.00	2695.00	2665.00	2622.00	2630.00	2630.00
6-ft. hay press	2545.00	2565.00	2585.00	2605.00	2725.00	2705.00	2735.00	2735.00	2705.00	2662.00	2670.00	2670.00
6-ft. hay press	2585.00	2605.00	2625.00	2645.00	2765.00	2745.00	2775.00	2775.00	2745.00	2702.00	2710.00	2710.00
6-ft. hay press	2625.00	2645.00	2665.00	2685.00	2805.00	2785.00	2815.00	2815.00	2785.00	2742.00	2750.00	2750.00
6-ft. hay press	2665.00	2685.00	2705.00	2725.00	2845.00	2825.00	2855.00	2855.00	2825.00	2782.00	2790.00	2790.00
6-ft. hay press	2705.00	2725.00	2745.00	2765.00	2885.00	2865.00	2895.00	2895.00	2865.00	2822.00	2830.00	2830.00
6-ft. hay press	2745.00	2765.00	2785.00	2805.00	2925.00	2905.00	2935.00	2935.00	2905.00	2862.00	2870.00	2870.00
6-ft. hay press	2785.0											

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Defendant's Exhibit (S) 21

INTERNATIONAL HARVESTER COMPANY—STATEMENT OF EARNINGS, INVESTMENT, AND PERCENTAGE OF EARNINGS TO INVESTMENT, 1903 TO 1922

	Total investment (capital, surplus, and borrowed capital)	Net investment (capital and surplus)	Gross earnings before deducting interest on borrowed money	Net earnings	Percent of gross earnings to total investment	Percent of net earnings to net investment
Earnings as per published reports—profits 1903-1916 and 1922 reflect inventory valuations calculated at cost or market, those of 1917-1920 calculated on the basic inventory method; the profits of the year 1921 reflect the transition back to a cost or market basis						
1903	\$126,000,000	\$120,000,000	\$6,172,133	\$5,641,181	4.86	4.70
1904	127,000,000	122,041,181	6,012,840	5,638,535	4.73	4.64
1905	135,000,000	122,899,715	8,019,843	7,479,187	5.94	6.00
1906	142,000,000	125,578,000	8,107,987	7,346,947	5.71	5.85
1907	152,000,000	128,125,850	9,220,496	8,080,458	6.07	6.51
1908	149,000,000	132,000,307	9,761,354	8,885,682	6.55	6.73
1909	150,000,000	136,691,950	10,430,796	14,822,740	10.30	10.90
1910	168,000,000	147,384,730	17,088,800	16,084,819	10.17	10.91
1911	190,000,000	156,069,549	17,068,493	15,521,398	8.96	9.95
1912	212,000,000	163,390,947	18,767,004	16,395,897	8.85	10.00
Average for first 10 years	\$155,100,000	\$135,418,917	\$11,562,065	\$10,598,654	7.45	7.83
1913	\$230,000,000	\$171,586,544	\$18,063,955	\$15,070,779	7.85	8.78
1914	254,000,000	178,457,322	14,559,511	11,723,826	6.22	6.37
1915	229,000,000	182,963,148	12,624,026	10,676,430	5.66	5.83
1916	217,000,000	187,459,584	14,277,239	12,762,160	6.58	6.82
Average, 4 years	\$235,000,000	\$180,121,630	\$14,881,121	\$12,563,800	6.58	6.98
1917	\$214,000,000	\$194,041,744	\$14,983,414	\$14,039,593	7.00	7.22
1918	218,000,000	201,051,337	15,867,779	14,985,235	7.28	7.45
1919	233,000,000	208,036,062	13,427,154	12,008,726	6.02	6.06
1920	221,000,000	211,645,169	17,297,682	16,655,853	7.83	7.87
1921	251,000,000	218,350,741	6,497,942	4,149,918	2.59	1.90
1922	231,000,000	213,869,802	6,457,580	5,540,768	2.80	2.56
Average, 6 years	\$236,000,000	\$207,802,115	\$12,421,027	\$11,324,947	5.90	5.45
Average, 20 years	\$191,000,000	\$166,083,423	\$12,483,837	\$11,306,571	6.54	6.75
Had the earnings and investment been calculated throughout the entire period on a cost or market method of inventory valuation, the results during the last six years would have been as follows:						
1917	\$214,000,000	\$194,041,744	\$21,390,521	\$20,416,710	10.00	10.82
1918	224,000,000	207,459,454	21,189,167	20,300,713	9.48	9.79
1919	233,000,000	219,765,167	17,229,677	16,408,239	7.33	7.47
1920	227,000,000	227,173,407	20,495,723	19,853,399	8.65	8.74
1921	270,000,000	257,078,800	19,238,117	14,676,141	4.59	6.12
1922	231,000,000	213,869,802	6,457,580	5,540,768	2.80	2.56
Average, 6 years	\$235,000,000	\$216,563,729	\$12,421,027	\$11,324,947	5.29	5.23

NOTE.—The amounts shown above for the years 1913 to 1917, inclusive, are the combined figures of the International Harvester Company of New Jersey and the International Harvester Corporation.

Defendants' Exhibit (S) 22

EXHIBIT A—LOSS OF BUSINESS DUE TO CANCELLATIONS, SEASON 1921

(Based on prices in effect December 1, 1920)

	Cancellations— number of machines	Average price	Amount
"Old" line machines			
Grain binders	26,776	\$196.78	\$5,274,266.78
Push binders and harvesters	1,737	255.65	445,177.65
Mowers	24,796	86.90	2,153,142.40
Reapers	7,940	36.78	291,854.40
Side-delivery rakes	4,153	74.36	309,067.08
Tedders	3,880	44.59	173,332.40
Side rakes and tedders	2,820	79.92	225,375.36
Corn binders	9,957	179.85	1,780,222.65
Total "old" line machines			\$8,166,174.34
"New" line machines			
Grain machines—Thrashers	1,080	\$61.95	\$66,906.00
Grain machines—			
Sweep rakes	3,176	65.83	\$209,200.00
Hay stackers	942	80.63	76,229.36
Comb, sweep rakes and stackers	96	132.58	12,727.68
Hay loaders	4,937	88.17	435,479.29
			\$641,635.33
Corn machines—			
Earriage cutters	434	266.96	\$115,863.04
Pickers	615	337.45	207,642.00
Shellers	1,180	59.75	70,505.00
			\$393,990.04
Tillage implements—			
Cultivators, 1-horse	4,470	7.13	\$31,871.10
" 2 and larger	23,700	14.65	346,290.00
Liners	6,440	63.94	411,665.60
Culti-packers	4,200	74.20	311,640.00
Disk rollers	1,972	50.90	100,375.20
Harrows, disk	19,300	56.80	1,096,240.00
" spring-tooth	1,930	24.00	46,320.00
" peg-tooth sections	30,100	9.75	293,475.00
			\$4,144,506.90
1165 Planting and seedling machines—			
Grain drills	11,880	\$126.05	\$1,495,671.00
Corn planters and drills	2,685	37.05	99,705.75
Comb, cotton and corn planters	4,700	38.44	180,698.00
Corn drills, row	430	14.92	6,411.60
Seeders and sowers	1,074	28.10	30,178.40
			\$2,041,594.75
Miscellaneous			
Mower spreaders	14,172	144.67	\$2,051,100.00
Crane separators	2,544	69.15	175,896.00
Engines	7,713	565.42	4,361,912.00
Tractors	7,618	907.30	6,913,917.40
Motor trucks	9,380	1,734.89	16,368,776.00
Wagons	11,730	126.74	1,486,830.00
Pumps	26,144	66.05	1,727,000.00
Miscellaneous: Katch grinders	1,000	4.27	4,270.00
Total			\$46,773,764.25
Canceled total, all lines			\$46,768,678.75

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Exhibit "B"

INTERNATIONAL HARVESTER COMPANY OF AMERICA—STATEMENT SHOWING ORDERS
TAKEN TO JANUARY 1ST COMPARED WITH ACTUAL DELIVERIES, SEASONS 1918-
1921

	1918			1919		
	Orders taken to Jan. 1, 1918 for 1918 season	Actual deliveries	Cancellations	Orders taken to Jan. 1, 1919 for 1919 season	Actual deliveries	Cancellations
"Old" line machines						
Grain binders	12,351	56,120		27,875	98,077	
Push binders and harvesters	2,310	3,907		1,894	5,438	
Mowers	24,774	72,481		23,340	83,202	
Rakes	19,949	35,570		11,862	24,323	
Side-delivery rakes	5,698	5,006		2,305	5,568	
Tedders	2,737	4,003		1,200	3,430	
Side rakes and tedders	1,653	3,093		2,017	4,179	
Corn binders	4,486	17,135		4,508	15,068	
"New" line machines						
Grain machines, Threshers (all kinds)	698	1,834		425	2,794	
Grain machines						
Sweep rakes	5,206	6,810		2,400	8,472	
Hay stackers	170	1,438		295	1,939	
Comb, sweep rakes, and stackers	70	140		53	217	
Hay loaders	8,343	10,277		4,950	10,907	
Corn machines						
Easings cutters	437	3,010		284	3,181	
Pickers	98	3,612		872	1,922	
Shellers	1,751	5,208		983	6,794	
Tillage implements						
Cultivators, 1-Horse	18,655	23,916		8,800	24,028	
" " " and larger	27,202	31,537		15,920	33,330	
Liners					70	
Cult-packers		3,187			3,372	
Stalk cutters				684	3,701	
Harrows, disk	29,436	40,875		19,613	30,172	
" spring-tooth	15,639	18,964		8,190	20,124	
Planting and seeding machines	41,801	70,508		29,476	56,227	
Grain drills	11,107	19,305		16,643	20,409	
Corn planters and drills	10,976	16,338	438	5,914	9,865	
Comb, cotton and corn planters	80	229		228	987	
Corn drills, 1-row	1,903	4,556		2,291	4,997	
Seeders and sowers	2,924	7,071		2,867	8,291	
Manure spreaders	2,593	11,994		2,807	16,299	
Cream separators	5,002	16,143		7,029	29,714	
Engines	7,159	28,203		4,858	19,901	
Tractors	4,740	15,128		8,761	21,327	
Motor trucks	2,190	2,106		6,171	6,590	
Wagons	32,907	40,479		20,436	45,045	
Pumps		1,811			29,372	
Microdisinfectors Knife grinders	3,010	13,900		3,959	10,877	
Total	209,947	601,267	438	290,450	729,777	
	1920			1921		
	Orders taken to Jan. 1, 1920 for 1920 season	Actual deliveries	Cancellations	Orders taken to Jan. 1, 1921 for 1921 season	Actual deliveries	Cancellations
"Old" line machines						
Grain binders	14,449	59,790		45,112	20,336	28,779
Push binders and harvesters	4,420	4,400		6,409	2,711	1,787
Mowers	20,472	103,817		43,760	28,987	24,769
Rakes	29,580	42,732		24,455	16,518	7,935
Side-delivery rakes	5,179	4,386		2,802	780	2,118
Tedders	3,764	3,284		1,775	1,415	2,090
Side rakes and tedders	5,279	5,387	192	8,907	6,460	2,447
Corn binders	19,321	21,087		15,790	5,862	8,928

INTERNATIONAL HARVESTER COMPANY OF AMERICA—STATEMENT SHOWING ORDERS
TAKEN TO JANUARY 1ST COMPARED WITH ACTUAL DELIVERIES, ETC.—CON.

	1920			1921		
	Orders taken to Jan. 1, 1920, for 1920 season	Actual deliv- eries	Cancel- lations	Orders taken to Jan. 1, 1921, for 1921 season	Actual deliv- eries	Cancel- lations
"New" line machines:						
Grain machines: Thrashers (all kinds)	1,495	2,994		2,143	1,093	1,050
Grass machines:						
Sweep rakes	7,039	7,095		6,467	3,291	3,176
Hay stackers	1,437	1,952		1,429	527	802
Comb, sweep rakes, and stackers	179	1,192		152	56	8
Hay loaders	8,937	11,742		12,308	7,471	4,837
Corn machines:						
Knockage cutters	2,154	4,417		2,450	2,216	69
Pickers	792	2,934		1,082	389	693
Shellers	3,197	9,344		5,959	4,959	1,000
Tillage implements:						
Cultivators, 1 horse	37,260	34,070		22,095	17,022	4,473
" " 2 " and larger	98,792	64,023		99,734	34,229	32,303
Leotars	6,261	7,111		8,172	3,161	5,011
Cult-packers	5,290	6,438		7,007	3,791	3,216
Stalk cutters	2,74	4,147		2,762	790	1,972
Harrows, disk	58,375	58,477		45,344	26,940	18,404
" " spring-tooth	15,913	37,094		37,101	19,181	1,822
" " peg-tooth sections	64,313	98,471		69,141	38,032	31,108
Planting and seedling machines:						
Grain drills	19,794	32,049		18,421	9,865	11,556
Corn planters and drills	12,060	15,860		14,372	8,367	6,005
Comb, cotton and corn planters	4,428	7,214		6,589	1,793	4,796
Corn drills, 1 row	4,291	2,970	321	2,329	1,953	399
Seeders and sowers	2,501	6,651		7,513	6,839	1,674
Manure spreaders	12,901	32,270		26,819	12,744	14,075
Cotton separators	14,141	29,274		15,098	11,524	3,574
Engines	17,260	35,731		18,024	14,398	3,626
Tractors	15,000	39,029		15,894	6,729	9,165
Motor trucks	6,143	3,421	55	11,246	3,051	8,195
Wagons	33,131	45,542		25,374	7,826	17,548
Plows	47,031	90,591		48,556	25,913	22,643
Miscellaneous: Knife grinders	14,083	22,129		14,490	12,525	1,965
Total	614,923	923,219	1,085	698,779	374,094	324,685

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Defendant's Exhibit (8) 24

RECONCILIATION OF ANNUAL NET PROFITS OF THE INTERNATIONAL HARVESTER CO. OF NEW JERSEY, INTERNATIONAL HARVESTER CORPORATION, AND INTERNATIONAL HARVESTER COMPANY, WITH THE STATEMENT OF COMBINED PROFITS OF THESE COMPANIES FOR THE YEARS 1913 TO 1918, APPEARING ON PAGES 50 TO 55 OF THE FEDERAL TRADE COMMISSION REPORT, DATED MAY 4, 1920

	1913	1914	1915	1916	1917	1918
Annual net profit per books	\$11,076,779	\$11,725,620	\$10,439,496	\$12,792,146	\$14,000,505	\$14,061,331
Profits reported by Federal Trade Commission (pages 50 to 55)	22,808,420	18,443,910	19,913,840	37,000,017	41,250,908	41,000,388
Difference	\$7,439,641	\$6,718,290	\$9,474,344	\$14,207,871	\$27,250,403	\$26,939,057
Representing charges to profit and loss included by Federal Trade Commission:						
Provision for Federal Income Taxes	\$137,340	\$115,000	\$149,200	\$736,919	\$7,093,124	\$12,593,325
Provision for decline in inventory values	1,000,000	1,920,000	673,000	2,375,000	7,061,000	4,440,000
War losses			3,529,141	5,907,000	9,596,160	10,478,000
Interest paid on indebtedness	3,138,410	3,763,094	2,736,421	3,097,181	1,471,972	1,462,000
Provision for pension fund	276,000	300,000	300,000	400,000	730,000	1,000,000
Provision for extraordinary repairs and renewals	314,000	321,000	690,000	307,167	300,000	.....

RECONCILIATION OF ANNUAL NET PROFITS OF THE INTERNATIONAL HARVESTER CO. OF NEW JERSEY, ETC.—Continued

	1913	1914	1915	1916	1917	1918
Provision for amortization of iron ore and timber (arbitrarily reduced by the Federal Trade Commission).....	\$303,164	\$114,950	\$372,829	\$493,785	\$286,524	\$226,263
Provision to meet the future collection cost of receivables.....	200,000	200,000	200,000	200,000	100,000	-----
Provision for fire insurance fund.....	250,000	200,000	200,000	300,000	300,000	-----
Provision to meet obligations arising under company's employee savings plan.....	-----	-----	400,000	200,000	250,000	250,000
Provision for contingencies.....	650,000	-----	550,000	300,000	-----	-----
Unlocated differences, etc.....	80,943	8,194	1,021,111	508,755	41,099	126,006
Total.....	\$7,826,071	\$6,708,102	\$9,237,462	\$14,247,857	\$27,284,215	\$30,623,875

1172 *Defendant's Exhibit (S) 25*

DESCRIPTION OF EXHIBIT KEYS TO CERTAIN TABLES IN THE REPORT OF THE FEDERAL TRADE COMMISSION ON THE CAUSES OF THE HIGH COST OF FARM MACHINERY (IN CAMERA)

1173 ADDITIONAL KEY TO FEDERAL TRADE COMMISSION'S REPORT OF MAY 4, 1920

TABLE 32. PAGE 116

No.	No.
1. Dowagiac Drill Co.	15. New Idea Spreader Co.
2. Rude Manufacturing Co.	16. Sears, Roebuck Co.
3. Peoria Drill & Seeder Co.	17. J. I. Case Plow Works.
4. Ohio Rake Co.	18. American Seeding Machine Co.
5. Winona Wagon Co.	19. B. F. Avery & Sons.
6. Thomas Manufacturing Co.	20. Parlin & Orendorff Co.
7. La Crosse Plow Co.	21. Rock Island Plow Co.
8. Thornhill Wagon Co.	22. Oliver Chilled Plow Co.
9. Litchfield Manufacturing Co.	23. Emerson-Brantingham Co.
10. Roderick Loan Manufacturing Co.	24. Moline Plow Co.
11. Wm. Galloway Co.	25. Deere & Co.
12. Janesville Machine Co.	26. International Harvester Co.
13. Acme Harvesting Machine Co.	
14. W. A. Wood Mowing & Reaping Machine Co.	

1174 KEY TO TABLE 33. PAGE 118

No.	No.
1. Dowagiac Drill Co.	12. Sears, Roebuck & Co.
2. Rude Manufacturing Co.	13. J. I. Case Plow Works.
3. Peoria Drill & Seeder Co.	14. American Seeding Machine Co.
4. Ohio Rake Co.	15. B. F. Avery & Sons.
5. La Crosse Plow Co.	16. Parlin & Orendorff Co.
6. Litchfield Manufacturing Co.	17. Rock Island Plow Co.
7. Roderick Loan Manufacturing Co.	18. Oliver Chilled Plow Co.
8. Wm. Galloway Co.	19. Emerson-Brantingham Co.
9. Janesville Machine Co.	20. Moline Plow Co.
10. W. A. Wood Mowing & Reaping Machine Co.	21. Deere & Co.
11. New Idea Spreader Co.	22. International Harvester Co.

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KEY TO TABLE 57, PAGE 121

No.

1. Rude Manufacturing Co.
2. Roderick Lean Manufacturing Co.
3. Litchfield Manufacturing Co.
4. Parlin & Orendorff Co.
5. Ohio Rake Co.
6. La Crosse Plow Co.
7. B. F. Avery & Sons.
8. Janesville Machine Co.
9. J. I. Case Plow Works.
10. Oliver Chilled Plow Works.
11. New Idea Spreader Co.
12. Deere & Co.
13. Moline Plow Co.
14. Dowagiac Drill Co.

No.

15. Emerson-Brantingham Co.
16. International Harvester Co.
17. Wm. Galloway Co.
18. Sears, Roebuck Co.
19. W. A. Wood Mowing & Reaping Machine Co.
20. Amerbess Seeding Machine Co.
21. Rock Island Plow Co.
22. Peoria Drill & Seeder Co.
23. Thornhill Wagon Co.
24. Thomas Manufacturing Co.
25. Winona Wagon Co.
26. Acme Harvesting Machine Co.

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KEY TO TABLE 40, PAGE 125

No.

1. Dowagiac Drill Co.
2. Peoria Drill & Seeder Co.
3. Ohio Rake Co.
4. Rude Manufacturing Co.
5. La Crosse Plow Co.
6. Sears, Roebuck Co.
7. Litchfield Manufacturing Co.
8. Roderick Lean Manufacturing Co.
9. W. A. Wood Mowing & Reaping Machine Co.
10. International Harvester Co.
11. Oliver Chilled Plow Works.
12. B. F. Avery & Sons.
13. Rock Island Plow Co.

No.

14. Janesville Machine Co.
15. Parlin & Orendorff Co.
16. American Seeding Machine Co.
17. Moline Plow Co.
18. New Idea Spreader Co.
19. Deere & Co.
20. Wm. Galloway Co.
21. Emerson-Brantingham Co.
22. J. I. Case Plow Works.
23. Acme Harvesting Machine Co.
24. Thomas Manufacturing Co.
25. Thornhill Wagon Co.
26. Winona Wagon Co.

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KEY TO TABLE 42, PAGE 125

No.

1. Janesville Machine Co.
2. W. A. Wood Mowing & Reaping Machine Co.
3. Rock Island Plow Co.
4. International Harvester Co.
5. Deere & Co.
6. Moline Plow Co.
7. American Seeding Machine Co.
8. Roderick Lean Manufacturing Co.
9. Parlin & Orendorff Co.
10. Peoria Drill & Seeder Co.
11. J. I. Case Plow Works.
12. Oliver Chilled Plow Co.
13. Ohio Rake Co.

No.

14. Rude Manufacturing Co.
15. La Crosse Plow Co.
16. Litchfield Manufacturing Co.
17. B. F. Avery & Sons.
18. Sears, Roebuck Co.
19. Emerson-Brantingham Co.
20. New Idea Spreader Co.
21. Dowagiac Drill Co.
22. Wm. Galloway Co.
23. Acme Harvesting Machine Co.
24. Thomas Manufacturing Co.
25. Thornhill Wagon Co.
26. Winona Wagon Co.

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KEY TO TABLE 50, PAGE 144

" 1 - 081
" 11 - 091

No.

1. Oliver Chilled Plow Co.
2. Rock Island Plow Co.
3. Deere & Co.
4. B. F. Avery & Sons.
5. Sears, Roebuck Co.
6. Parlin & Orendorff Co.

No.

7. Janesville Machine Co.
8. J. I. Case Plow Works.
9. Deere & Co.
10. Moline Plow Co.
11. La Crosse Plow Co.
12. Emerson-Brantingham Co.

KEY TO TABLE 51, PAGE 146

" III " 682
" IV " 682

No.

1. Oliver Chilled Plow Co.
2. B. F. Avery & Sons.
3. Rock Island Plow Co.
4. Sears, Roebuck Co.
5. Janesville Machine Co.
6. J. I. Case Plow Works.

No.

7. Deere & Co.
8. La Crosse Plow Co.
9. Parlin & Orendorff Co.
10. Moline Plow Co.
11. Emerson-Brantingham Co.

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KEY TO TABLE 52, PAGE 148

" V " 683
" VI " 683

No.

1. Sears, Roebuck Co.
2. Parlin & Orendorff Co.
3. B. F. Avery & Sons.
4. Janesville Machine Co.
5. Rock Island Plow Co.
6. Oliver Chilled Plow Co.

No.

7. Moline Plow Co.
8. J. I. Case Plow Works.
9. Deere & Co.
10. La Crosse Plow Co.
11. Emerson-Brantingham Co.

KEY TO TABLE 53, PAGES 149-150

" VII " 683
" VIII " 684

No.

1. Moline Plow Co.
2. J. I. Case Plow Works.
3. Oliver Chilled Plow Co.
4. Parlin & Orendorff Co.

No.

5. Rock Island Plow Co.
6. Deere & Co.
7. La Crosse Plow Co.
8. Emerson-Brantingham Co.

1180

KEY TO TABLE 54, PAGES 151-2

" X " 684

No.

1. Wm. Galloway Co.
2. Moline Plow Co.
3. Sears, Roebuck & Co.
4. Deere & Co.
5. J. I. Case Plow Works.
6. La Crosse Plow Co.
7. International Harvester Co.
8. Rock Island Plow Co.
9. B. F. Avery & Sons.

No.

10. W. A. Wood Mowing & Reaping Machine Co.
11. Roderick Leach Manufacturing Co.
12. Ohio Rake Co.
13. Emerson-Brantingham Co.
14. Massey-Harris Harvester Co.
15. Janesville Machine Co.
16. Parlin & Orendorff Co.

KEY TO TABLE 55, PAGE 153

" XI " 685
" XII " 685

No.

1. International Harvester Co.
2. Sears, Roebuck & Co.
3. Ohio Rake Co.
4. Moline Plow Co.
5. Massey-Harris Harvester Co.

No.

6. W. A. Wood Mowing & Reaping Machine Co.
7. Deere & Co.
8. Roderick Leach Manufacturing Co.

1181

KEY TO TABLE 56, PAGE 154-5

" XIII " 685
 " XIV " 686

No.

1. International Harvester Co.
2. W. A. Wood Mowing & Reaping Machine Co.
3. Ohio Rake Co.
4. B. F. Avery & Sons.
5. Rock Island Plow Co.
6. Massey-Harris Harvester Co.
7. La Crosse Plow Co.

No.

8. Roderick Lean Manufacturing Co.
9. Sears, Roebuck & Co.
10. J. I. Case Plow Works.
11. Parlin & Orendorff Co.
12. Deere & Co.
13. Moline Plow Co.
14. Emerson-Brantingham Co.
15. Janesville Machine Co.

KEY TO TABLE 57, PAGE 156

" XV " 686
 " XVI " 687

No.

1. B. F. Avery & Sons.
2. International Harvester Co.
3. Ohio Rake Co.
4. Rock Island Plow Co.
5. Roderick Lean Manufacturing Co.

No.

6. Janesville Machine Co.
7. Moline Plow Co.
8. Deere & Co.
9. J. I. Case Plow Works.
10. Emerson-Brantingham Co.

1182

KEY TO TABLE 58, PAGE 157-8

No.

1. American Seeding Machine Co.
2. Rock Island Plow Co.
3. Deere & Co.
4. Sears, Roebuck, Co.
5. International Harvester Co.
6. J. I. Case Plow Works.

No.

7. Emerson-Brantingham Co.
8. Janesville Machine Co.
9. Ohio Rake Co.
10. Parlin & Orendorff Co.
11. Moline Plow Co.
12. American Seeding Machine Co.

KEY TO TABLE 59, PAGE 159

" XIX " 688
 " XX " 689

No.

1. Parlin & Orendorff Co.
2. Deere & Co.

No.

3. J. I. Case Plow Works.
4. Emerson-Brantingham Co.

1183

KEY TO TABLE 60, PAGE 160

" XXI " 690
 " XXII " 691

No.

1. Thomas Manufacturing Co.
2. Peoria Drill & Seeder Co.
3. American Seeding Machine Co.
4. Deere & Co.
5. American Seeding Machine Co.

No.

6. Emerson-Brantingham Co.
7. Moline Plow Co.
8. La Crosse Plow Co.
9. Downagie Drill Co.

KEY TO TABLE 61, PAGE 161-2

" XXIII " 692
 " XXIV " 693

No.

1. Thomas Manufacturing Co.
2. American Seeding Machine Co.
3. Deere & Co.

No.

4. American Seeding Machine Co.
5. Emerson-Brantingham Co.
6. Moline Plow Co.

1184

KEY TO TABLE 62, PAGE 163

No.	No.
1. International Harvester Co.	8. J. I. Case Plow Works.
2. W. A. Wood Mowing & Reaping Machine Co.	9. Moline Plow Co.
3. Deere & Co.	10. B. F. Avery & Sons.
4. Parlin & Orendorff Co.	11. American Seeding Machine Co.
5. Oliver Chilled Plow Co.	12. Emerson-Brantingham Co.
6. Roderick Loan Manufacturing Co.	13. Sears, Roebuck & Co.
7. Rock Island Plow Co.	14. Janesville Machine Co.

KEY TO TABLE 63, PAGE 164-5

No.	No.
1. Roderick Loan Manufacturing Co.	9. Emerson-Brantingham Co.
2. J. I. Case Plow Co.	10. International Harvester Co.
3. Rock Island Plow Co.	11. Parlin & Orendorff Co.
4. Janesville Machine Co.	12. B. F. Avery & Sons.
5. Moline Plow Co.	13. La Crosse Plow Co.
6. Deere & Co.	14. American Seeding Machine Co.
7. Sears, Roebuck & Co.	15. Ohio Rake Co.
8. Oliver Chilled Plow Co.	

1185

KEY TO TABLE 70, PAGE 175

No.	No.
1. Sears, Roebuck & Co.	6. Wm. Galloway Co.
2. Deere & Co.	7. New Idea Spreader Co.
3. Moline Plow Co.	8. International Harvester Co.
4. Rock Island Plow Co.	9. Rude Manufacturing Co.
5. Litchfield Manufacturing Co.	10. Massey-Harris Harvester Co.

KEY TO TABLE 71, PAGE 176-7

No.	No.
1. Moline Plow Co.	4. Deere & Co.
2. Studebaker Corporation.	5. International Harvester Co.
3. Winona Wagon Co.	6. Emerson-Brantingham Co.

1186

KEY TO TABLES

I TO VIII

X TO XVI

XIX TO XXVIII

XXI TO XLIV

Table	Page	Table	Page	Table	Page	Table	Page
I.....	681	same as	50	144	XV.....	688	same as
II.....	681	" "	50	144	XIX.....	688	same as
III.....	682	" "	51	146	XX.....	688	" "
IV.....	682	" "	51	146	XXI.....	689	" "
V.....	683	" "	52	148	XXII.....	689	" "
VI.....	683	" "	52	148	XXIII.....	690	" "
VII.....	683	" "	53	149	XXIV.....	690	" "
VIII.....	684	" "	53	150	XXV.....	691	" "
IX.....	684	" "	55	153	XXVI.....	691	" "
X.....	685	" "	55	153	XXVII.....	691	" "
XI.....	685	" "	55	153	XXVIII.....	692	" "
XII.....	685	" "	56	154	XXIX.....	696	" "
XIII.....	686	" "	56	155	XL.....	696	" "
XIV.....	686	" "	57	156	XLI.....	696	" "
XV.....	687	" "	57	156	XLII.....	696	" "
XVI.....	686	" "			XLIII.....	697	" "
XVII.....					XLIV.....		

1187

KEY TO TABLE XVII, PAGE 681
" XVIII " 685

No.

1. American Seeding Machine Co.
2. Rock Island Plow Co.
3. Sears, Roebuck & Co.
4. Deere & Co.
5. International Harvester Co.
6. J. I. Case Plow Works.

No.

7. Emerson-Brantingham Co.
8. Janesville Machine Co.
9. Ohio Rake Co.
10. Parlin & Orendorff Co.
11. Moline Plow Co.
12. American Seeding Machine Co.

KEY TO TABLE IX, PAGE 681

No.

1. Wm. Galloway Co.
2. Moline Plow Co.
3. Sears, Roebuck & Co.
4. W. A. Wood Mowing & Reaping Machine Co.
5. Deere & Co.
6. J. I. Case Plow Works.
7. La Crosse Plow Co.
8. International Harvester Co.

No.

9. Rock Island Plow Co.
10. R. F. Avery & Sons.
11. Roderick Lean Manufacturing Co.
12. Ohio Rake Co.
13. Emerson-Brantingham Co.
14. Mansey-Harris Harvester Co.
15. Janesville Machine Co.
16. Parlin & Orendorff.

1188

Defendants' Exhibit (S) 26

1921 TRACTOR QUOTAS

Atlanta.....	5,004	Milwaukee.....	6,000
Buffalo.....	8,004	Minneapolis.....	6,000
Cambridge.....	3,000	New Orleans.....	3,000
Charlotte.....	6,000	New York.....	3,000
Chicago.....	7,302	Oklahoma City.....	3,000
Cincinnati.....	3,000	Omaha.....	3,000
Cleveland.....	4,900	Philadelphia.....	6,000
Columbus.....	4,380	Pittsburgh.....	2,400
Dallas.....	5,268	Portland.....	1,404
Denver.....	996	St. Louis.....	6,000
Des Moines.....	6,264	Salt Lake City.....	456
Detroit.....	6,404	San Francisco.....	3,000
Fargo.....	3,000	Seattle.....	1,848
Houston.....	3,000	Washington.....	2,500
Indianapolis.....	7,200		
Jacksonville.....	2,004		146,700
Kansas City.....	7,500		
Los Angeles.....	2,304		
Louisville.....	3,000		
Memphis.....	6,002		

Total domestic production up
to the end of last year..... 362,725
(Some of that number exported)

1192

Defendants' Exhibit (S) 28

AUGUST 9, 1919.

MR. WALTER M. TWOMBLY,

Special Agent, Federal Trade Commission, Washington, D. C.

DEAR SIR: In answer to your request for leave to inspect and examine the files of correspondence between the International Harvester Company or any of its subsidiary companies and any of its competitors, we freely grant your request, you having presented proper credentials from the Federal Trade Commission. A room will be provided for your convenience at the Harvester Building, and such other facilities as you desire.

It will be a convenience to us and is, we think, a fair condition, that you agree on honor not to remove anything from the files, and that if a copy is made of any of the papers you will give us a list of the papers thus copied; or, if you will indicate the papers of which you desire copies made, we will make the copies.

We also request that we may have your promise, or that of the commission, that if and when you find in our files any evidence of objectionable actions, you will, before public use is made of it, call it to our attention so that we may make such explanation as there may be. In fairness to the company—and particularly in view of some of our experiences in the three prior investigations of this company by different branches of the Government—we think this is a reasonable request and hope that it will be granted.

Awaiting your answer, we are,

Yours very truly,

By (signed) INTERNATIONAL HARVESTER COMPANY,
ALEX. LEDGE, *General Manager.*

1152 [Address Communications to Federal Trade Commission. In Replying Please Quote WMT:EF 8-15-19]

FEDERAL TRADE COMMISSION, WASHINGTON.

Chicago, Ill., August 16, 1919.

Mr. ALEX LEDGE,

General Manager International Harvester Co., Chicago, Ill.

DEAR SIR: Referring to your letter of August 9, 1919, addressed to me.

I was directed by the Federal Trade Commission to inform your company that the matter covered by the third paragraph of the above mentioned letter should be presented directly by the company to the Federal Trade Commission. I communicated this to you verbally on August 13, 1919, but I am now confirming same, at your request, in order that your files may be complete.

Very truly yours,

WALTER M. TWOMBLY,
Special Agent.

(In pencil:)

1808 Lytton Bldg., Chgo.

1194 (Copy)

AUGUST 16, 1919.

FEDERAL TRADE COMMISSION,
Washington, D. C.

GENTLEMEN: A few days ago Mr. Walter M. Twombly presented his credentials as a special agent of the Federal Trade Commission and notified us that he desired to examine certain files and records of the company. We promptly gave him access to these files, and at the same time handed him a letter in which we made a specific request regarding the manner of conducting the investigation. This

request Mr. Twombly stated would be submitted to the commission. He now advises us that he is instructed by the commission to say to us that if we wish to make such a request we should address the communication to the commission.

This raises the question as to how far it is expected that matters arising in the course of the investigation shall be taken up with Mr. Twombly, and what matters should be referred to the commission.

As the matter now stands, we have not a written word, either from the commission or from Mr. Twombly, to indicate the scope of the present inquiry.

Under date of July 27, 1918, we received a communication from Mr. Robertson, acting chief economist, outlining the information desired in connection with the investigation ordered by Senate Resolution No. 223, adopted May 13, 1918. Mr. Twombly's present inquiries do not seem to come within the limits set by Mr. Robertson's letter. Therefore, if this is the beginning of a new series of investigations, we submit that it would be proper for us to be advised as to the nature and scope of the same.

The request contained in our letter of August 9th to Mr. Twombly was as follows:

"We also request that we may have your promise, or that of the commission, that if and when you find in our files any evidence of objectionable actions you will, before public use is made of it, call it to our attention, so that we may make such explanation as there may be. In fairness to the company—and particularly in view of some of our experiences in the three prior investigations of this company by different branches of the Government—we think this is a reasonable request and hope that it will be granted."

Our reason for this request may be stated: The first investigation of the Harvester Company was carried on by the Bureau of Corporations and occupied five years. It started in 1908 and the report was filed on March 3, 1913.

1195 On April 30, 1912, while that investigation was still going on, the Department of Justice filed a dissolution suit. The Bureau of Corporations delayed making its report for nearly a year until the Government had taken all its testimony against the Harvester Company, and, after making full use of such evidence, the bureau refused to delay its report less than four months in order to have the benefit of the sworn evidence of over 1,200 witnesses and several thousand pages of documents offered in support of the Harvester Company's side of the case.

In the Harvester suit, as afterwards in the bureau's report, many charges of unfair and unlawful trade practices were made. Yet, when the case was heard in the District Court, the three judges were unanimous in acquitting the company of all objectionable practices. In this connection Judge Hook said:

"It should also be said that specific charges of misconduct were made in the Government's petition which found no warrant whatever in the proof. They were of such a character and there was so much of them, apparently without foundation, that the case is exceptional in that particular."

And when the Harvester Company's appeal was before the Supreme Court of the United States, the Attorney General publicly withdrew these charges and admitted that the proof did not sustain them.

While this retraction corrected the matter so far as the court was concerned, the damage to the company was irreparable. The original charges had been published broadcast throughout the civilized world, and the bad reputation given us by our own Government had resulted in export trade, which had been built up at great effort and expense, going to foreign competitors. To a certain degree this damage extended even to other American manufacturers, as our foreign competitors were not slow to make use of these governmental charges to the discredit of all American business.

This history has a direct bearing upon the present situation, because the detailed work of the present investigation is being handled by some of the same men who worked on the previous Harvester investigation. After what has happened, we do not believe that these men are in a position to judge our case impartially. Our request, therefore, is that if the investigation shall disclose any transactions which are deemed objectionable, we may be given a hearing before the commission itself, or some member thereof, and afforded the opportunity to furnish any additional facts or explanation there may be pertaining to the matter.

We wish it clearly understood that this request does not reflect in any way on your representative here, Mr. Twombly, and is not based on his conduct of the investigation.

Very respectfully,

By (signed) INTERNATIONAL HARVESTER COMPANY,
ALEX LEGER,
Vice President and General Manager.

MP.

1196

FEDERAL TRADE COMMISSION,
Washington, August 28, 1919.

Office of the chairman.

INTERNATIONAL HARVESTER COMPANY,
Chicago, Illinois.

GENTLEMEN: This acknowledges receipt of your letter of August 16.

In answer to your request in regard to the nature and scope of the present investigation, you are advised that this investigation of the farm implement industry is being conducted in response to

Senate Resolution No. 223, adopted May 13, 1918, a copy of which is enclosed.

If you so desire, you will be invited to meet with us before the publication of the report.

Mr. Twombly has been directed to examine your files and take copies of any letters or records pertaining to the subject matter of the present investigation. He is also authorized to receive any explanations you may wish to make in regard to the records he has copied.

Very truly yours,

VICTOR MURDOCK,
Acting Chairman.

ENC. 1.

H. F. McCormick,
(In pencil:) Copy to P. S. Post,
G. A. Ranney,
W. M. Reay.

(Over)

SEPTEMBER 6, 1919.

HON. VICTOR MURDOCK,
Acting Chairman, Federal Trade Commission,
Washington, D. C.

DEAR SIR:

Investigation of agricultural implement industry

We acknowledge your letter of August 28, advising us that Mr. Twombly's recent investigation of our records is part of the investigation being conducted in response to Senate Resolution No. 223, adopted May 13, 1918.

Your letter was not received until after Mr. Twombly had finished his examination of our records, and while we did discuss with him certain points on which he desired further information, our discussion of the matters under examination was in no sense complete. We, therefore, will appreciate the opportunity of meeting with your commission and renew our request that if your investigation discloses any evidence of actions deemed by you to be objectionable you will call it to our attention and permit us to furnish any additional facts or explanations we may have pertaining thereto.

Will you kindly notify us as to the time when we may meet with the commission?

Very truly yours,

INTERNATIONAL HARVESTER COMPANY,
By ALEX LEEGE,
Vice President and General Manager.

1198

FEDERAL TRADE COMMISSION,

Washington, September 12, 1919.

Office of the chairman.

Attention Mr. Alex Legge

INTERNATIONAL HARVESTER COMPANY,

606 South Michigan Avenue, Chicago, Illinois.

MY DEAR SIR: I have your letter of September 6th, re inquiry into agricultural implement industry, in which you renew your request that "if the investigation discloses any evidence of actions deemed by you to be objectionable you will call it to our attention and permit us to furnish any additional facts or explanations we may have pertaining thereto."

It is proper to say to you that the commission is not conducting a trial of the matter, but, as you know, is preparing a response to an inquiry of the United States Senate with the purpose of reporting the facts as found. If the facts adduced by the inquiry show a violation of any law with the enforcement of which the commission is charged, complaint, of course, would issue, and trial of the issue will follow with full hearings to parties at interest.

So far as present inquiry is concerned, bearing upon the response to the Senate, you are invited to meet with us to make such contribution orally as you wish, or to offer in writing any observation you may care to make on the subject matter. It is the purpose of the commission to lay the report before the Senate alone. Tentative drafts of the report have not yet been prepared for the consideration of the commission.

Yours truly,

VICTOR MURDOCK,

Acting Chairman.

VM:IP

1199

SEPTEMBER 19, 1919.

HON. VICTOR MURDOCK,

*Acting Chairman Federal Trade Commission,**Washington, D. C.*

MY DEAR SIR: We have received your letter of September 12 in which you indicate that the present investigation of the agricultural implement industry is not a "trial of the matter," but is being conducted in response to a resolution of the Senate, and that the commission's report will be made to that body.

While this investigation may not be a trial in the legal sense, your report when published will necessarily affect the standing of the companies constituting the industry, both at home and abroad. We have already referred to the serious injury done to the International Harvester Company in foreign countries by the numerous

charges of misconduct and unfair practices contained in the complaint filed by the Government in the antitrust suit in 1912, all of which were subsequently abandoned and conceded to be without foundation.

We feel sure that your commission desires to make its report fair and accurate in every particular, and our request that you call to our attention any evidence of actions deemed by you to be objectionable and permit us to furnish any additional facts and explanations pertaining thereto was made in the belief that such facts and explanations would be of assistance in enabling the commission to make a complete and accurate report.

We thank you for the invitation to meet with the commission and note that the tentative drafts of the report have not yet been prepared. We assume that the most convenient time for meeting would be about the date when the tentative report is ready, and we will appreciate it if you will advise us accordingly.

Very respectfully yours,

ALEX LEGGE,
H

Vice President and General Manager.

—T

1200

FEDERAL TRADE COMMISSION,
Washington, September 22, 1919.

Office of the chairman,
INTERNATIONAL HARVESTER COMPANY,
Mr. ALEX LEGGE,

606 South Michigan Avenue, Chicago, Illinois.

MY DEAR SIR: I have your letter of September 19th. When the inquiry into the farm implement industry, in response to a resolution of the Senate, has progressed to the point where a meeting with the commission is indicated, I will inform you.

Yours truly,

VICTOR MURDOCK,
Acting Chairman.

VM/IP

1201

FEDERAL TRADE COMMISSION,
Washington, December 1, 1919.

Office of the chairman,
INTERNATIONAL HARVESTER COMPANY,
Mr. ALEX LEGGE,
Vice President, Chicago, Ill.

DEAR SIR: In response to your requests of August 16th, September 6th, and September 19th, 1919, you are invited to meet with the commission on December 29th, 1919, at 3.30 p. m., to make such explanations as you may wish in regard to certain letters of your

company which the commission proposes to use in its forthcoming report on farm implements.

A list of the letters is enclosed for your convenience.

By direction of the commission.

Very truly yours,

VICTOR MURDOCK,
Acting Chairman.

Enclosure.

1202

INTERNATIONAL HARVESTER COMPANY

From—	To—	Date
C. E. Allison	American Seeding Machine Company	Sept. 23, 1916
C. E. Allison	American Seeding Machine Company	Apl. 25, 1917
J. F. Chelius	Moline Plow Company	Apl. 24, 1918
Contract with	American Seeding Machine Company	Mch. 1, 1912
W. V. Couchman	C. E. Allison	May 17, 1917
Alex. Legge	C. E. Allison	Feb. 16, 1916
C. E. Allison	A. E. Legge (long-hand note)	No date.
Alex. Legge	G. N. Peek, V. P. of Deere & Co.	Mch. 13, 1916
A. J. McIntosh	Grant Wright	Mch. 12, 1919
A. G. Morey	Bucher & Gibbs Plow Company	Aug. 25, 1916
W. F. Pape	R. V. Board of Kentucky Wagon Mfg. Co.	Nov. 18, 1916
W. F. Pape	H. M. Kinney of Winona Wagon Co.	Mch. 8, 1916
W. F. Pape	Owensboro Wagon Company	Dec. 13, 1917
W. F. Pape	E. E. Parsonage, of John Deere Wagon Co.	Mch. 17, 1916
W. F. Pape	Walter Schuttler, of P. S. Co.	July 14, 1916
W. F. Pape	A. B. Thielens, of Studebaker Corp.	Apr. 18, 1917
W. F. Pape	B. P. Thornhill	Mch. 14, 1916
W. F. Pape	D. M. F. Weeks, of Studebaker Corp.	Mch. 17, 1916
G. A. Ranney	E. W. McCullough, Sec. N. I. & V. A.	Apl. 17, 1917
G. A. Ranney (N. I. & V. A.)	S. W. Swaney, of S. R. & Co.	Nov. 30, 1918
G. A. Ranney	Grant Wright	Apl. 4, 1916
Walter Sutton	Dealers—Circular Letter	Feb. 23, 1918
C. H. Zirkel	J. I. Case Plow Works	May 29, 1919
J. F. Jones	A. E. McKinstry	Mch. 25, 1919
A. E. McKinstry	J. F. Jones	Apl. 12, 1919

1203

Statement re Defendants' Exhibit (S) 29

Transcript of hearing before Federal Trade Commission. (For identification only.)

1204

Defendants' Exhibit (S) 30

PARTIAL LIST OF AGRICULTURAL IMPLEMENT CONCERNS GOING OUT OF BUSINESS BETWEEN 1912 AND 1923

NOTE.—The 304 implement concerns herein listed are those shown in defendants' Exhibit 120 introduced in the original hearing and having a total capitalization in 1912-13 of \$228,270,000.83. This list has been checked with the 1923 editions of the two standard trade lists for the implement industry—(a) *Buyers' Guide*, published by the Farm Implement News, and (b) *Tractor*

and Implement Blue Book. 156 of said concerns appear to be still doing business; the other 148 do not appear in either trade list as doing business in 1923. The concerns out of business are marked with a star, thus, (*).

- *1. Alenague Machine Works, Westminster Sta., Vt.
- *2. Acme Harvesting Machine Co., Peoria, Ill.
- *3. Adirance, Platt & Co., Poughkeepsie, N. Y.
- *4. Advance Manufacturing Co., Hamilton, O.
- *5. Advance Thresher Co., Battle Creek, Mich.
- *6. Akron Cultivator Co., Akron, Ohio.
- *7. Allen & Co., S. D., Philadelphia, Pa.
- *8. Alma Manufacturing Co., Alma, Michigan.
- *9. American Seeding Machine Co., Springfield, O.
- *10. American Seeding Constituent Companies.
- *11. American Separator Co., Bainbridge, N. Y.
- *12. Ames Plow Co., Boston, Mass.
- *13. Anchor Bolt & Nut Co., Poughkeepsie, N. Y.
- *14. Ann Arbor Machine Co., Ann Arbor, Mich.
- *15. Appleton Manufacturing Co., Batavia, Ill.
- *16. Augustine Rotary Mill and Factory Eng. Co., Mt. Vernon, O.
- *17. Aultman & Taylor Machine Co., Mansfield, Ohio.
- *18. Avery & Sons, H. F., Louisville, Ky.
- *19. Babcock Manufacturing Co., Leonardsville, N. Y.
- *20. Bain Wagon Co., Kenosha, Wis.
- *21. Batavia Machine Co., Batavia, N. Y.
- *22. Ballou Manfg. Co., Belding, Mich.
- *23. Bateman Manfg. Co., Greenock, N. J.
- *24. Bayley Co., The William, Springfield, Ohio.
- *25. Beatrice Iron Works, Beatrice, Nebr.
- *26. Belcher & Taylor Agric. Tool Co., Chicopee Falls, Mass.
- *27. Bell Co., C. S., Hillsboro, Ohio.
- *28. Belleville Haler Co., Belleville, Ill.
- *29. Best Gas Traction Co., C. I., Oakland, Calif.
- *30. Best Manfg. Co., San Leandro, Calif.
- *31. Birdsell Manfg. Co., South Bend, Ind.
- *32. Bloom Manfg. Co., Nashua, Iowa.
- *33. Bloomer Machine Works, Bloomer, Wis.
- *34. Boucher Co., N. P., South Bend, Ind.
- *35. Brown Manfg. Co., Zanesville, Ohio.
- *36. Bryan Plow Co., Bryan, Ohio.
- *37. Buch's Sons Co., A., Elizabethtown, Pa.
- *38. Bucher & Gibbs Plow Co., Canton, O.
- *39. Buffalo Pitts Co., Buffalo, N. Y.
- *40. Caldwell Manfg. Co., Columbus, Ind.
- *41. Callahan Co., W. P., Dayton, Ohio.
- *42. Capital Gas Engine Co., Indianapolis, Ind.
- *43. Carver Wagon Co., Morristown, Tenn.
44. Case Plow Works, J. I., Racine, Wis.
- 1206 45. Case Threshing Machine Co., J. I., Racine, Wis.
46. Challenge Co., Batavia, Ill.
47. Chamberlain Machine Works, Waterloo, Iowa.
48. Charter Gas Engine Co., Sterling, Ill.
- *49. Chase Manfg. Co., Mason City, Iowa.
- *50. Chattanooga Plow Co., Chattanooga, Tenn.
- *51. Chattanooga Wagon Co., Chattanooga, Tenn.
- *52. Children's Sons Manfg. Co., Council Bluffs, Iowa.
- *53. Chase City Manfg. Co., Chase City, Va.
- *54. Clark Machine Co., St. Johnsville, N. Y.
- *55. Collins Plow Co., Quincy, Illinois.
- *56. Commercial Engine Co., Los Angeles, Calif.
- *57. Cooper Wagon & Huggy Co., Dubuque, Iowa.
- *58. Cushman Motor Works, Lincoln, Nebr.
- *59. Cutaway Harrow Co., Higganum, Conn.
- *60. Dale Manfg. Co., of Iowa, Ottumwa, Iowa.
- *61. Dairy Cream Separator Co., Lebanon, Ind.
- *62. Dakota Plow and Wagon Co., Sioux Falls, S. D.
- *63. Daley, M. H., Charles City, Iowa.

- 64. Davenport Wagon Co., Davenport, Iowa.
- 65. Davidson-Dietrich Plow Co., Evansville, Ind.
- *66. Davis Wagon Co., Columbus, Georgia.
- 67. Deere & Co., Moline, Ill.
- 68. Deere & Mansur Co., Moline, Ill.
- *69. Deere Carriage Co., St. Louis, Mo.
- 70. Dempster Mill Manfg. Co., Beatrice, Nebr.
- 71. Deye-Macey Engine Co., Binghamton, N. Y.
- *72. Diamond Iron Works, Minneapolis, Minn.
- 73. Domestic Engine and Pump Co., Shippensburg, Pa.
- *74. Dowagiac Drill Co., Dowagiac, Mich.
- 75. Dunham Co., the, Berea, Ohio.
- 76. Duplex Manfg. Co., Superior, Wisc.
- 77. Duplex Mill and Manfg. Co., Springfield, Ohio.
- *78. Eagle Manfg. Co., Muskogee, Okla.
- *79. Eddy Plow Co., W. Greenwich, N. Y.
- 80. Electric Wheel Co., Quincy, Ill.
- 81. Ellis Keystone Agl. Works, Pottstown, Pa.
- 82. Emerson-Brantingham Co., Rockford, Ill.
- 83. Empire Plow Co., the, Cleveland, Ohio.
- *84. Enterprise Machine Co., Minneapolis, Minn.
- *85. Enterprise Manfg. Co., Columbiana, Ohio.
- 86. Eureka Mower Co., Utica, N. Y.
- *87. Eves & Co., John, Millville, Pa.
- 88. Farquhar Co. Ltd., A. B. York, Pa.
- *89. Faultless Engine Co., Kansas City, Mo.
- *90. Fetner Co., The Wm., Springfield, Ill.
- *91. Field-Brundage Co., Jackson, Mich.
- 92. Field Force Pump Co., Elmira, N. Y.
- 93. Florence Wagon Co., Florence, Ala.
- *94. Foss Gas Engine Co., Springfield, Ohio.
- *95. Ft. Madison Plow Co., Ft. Madison, Iowa.
- 96. Ft. Smith Wagon Co., Ft. Smith, Ark.
- 97. Freeman & Sons Manfg. Co., S., Racine, Wisc.
- *98. Freemont Manfg. Co., Fremont, Nebr.
- 99. Frick Co., Waynesboro, Pa.
- *100. Gaar, Scott & Co., Richmond, Ind.
- *101. Gale Manfg. Co., Albion, Mich.
- 102. Galesburg Cutler Disc Co., Galesburg, Ill.
- *103. Galloway Co., Wm., Waterloo, Iowa.
- *104. Galva Heater Co., Galva, Ill.
- *105. Gas Traction Co., Minneapolis, Minn.
- *106. Geiser Manfg. Co., Greenacrie and Waynesboro, Pa.
- *107. Geotring Wagon Co., St. Louis, Mo.
- *108. Gile Boat and Engine Co., Ludington, Mich.
- 109. Globe Foundry and Machine Co., Sheboygan, Wisc.
- 1206 *110. Gowanda Agricultural Works, Gowanda, N. Y.
- *111. Grand Detour Plow Co., Dixon, Ill.
- *112. Granite State Mowing Machine Co., Hinsdale, N. H.
- 113. Gray's Sons, A. W., Middletown Springs, Vt.
- *114. Gray Motor Car Co., Detroit, Mich.
- *115. Hackney Manfg. Co., St. Paul, Minn.
- 116. Hackney Wagon Co., Wilson, N. C.
- *117. Halsh Co., Jacob, DeKalb, Ill.
- *118. Haggood Plow Co., Alton, Ill.
- 119. Harriman Manfg. Co., Harriman, Tenn.
- 120. Harrison Machine Works, Belleville, Ill.
- *121. Hartman Manfg. Co., Vincennes, Ind.
- *122. Hart-Parry Co., Charles City, Iowa.
- 123. Havana Metal Wheel Co., Havana, Ill.
- 124. Hayes Pump and Planter Co., Galva, Ill.
- *125. Hagy Wagon Co., James A. Abingdon, Va.
- *126. Heath Foundry and Manfg. Co., Plymouth, Ohio.
- *127. Heer Engine Co., Portsmouth, Ohio.
- *128. Hellman Machine Works, Evansville, Ind.
- *129. Henderson Wagon Works, Henderson, Ky.
- 130. Herschel Manfg. Co., R. Peoria, Ill.

- 131. Hocking Valley Manfg. Co., Lancaster, Ohio.
- 132. Holt Caterpillar Co., Peoria, Ill.
- 133. Holt Manfg. Co., Stockton, Calif.
- 134. Huber Manfg. Co., Marion, Ohio.
- *135. Hunt Co., The Gilbert, Walla Walla, Wash.
- *136. Huntington Wagon Works, Huntington, Ind.
- *137. Imperial Machinery Co., Minneapolis, Minn.
- *138. Independent Harvester Co., Plano, Ill.
- 139. Indiana Wagon Co., Lafayette, Ind.
- *140. Industrial Iron Works, Clinton, Mo.
- *141. Iowa Dairy Separator Co., Waterloo, Iowa.
- *142. Jacobson Machine Manfg. Co., Warren, Pa.
- 143. James & Graham Wagon Co., Memphis, Tenn.
- *144. Janesville Machine Co., Janesville, Wisc.
- 145. Jenkins Hay Rake and Stacker Co., Chillicothe, Mo.
- *146. Johnston Harvester Co., Batavia, N. Y.
- 147. Joliet Manfg. Co., Joliet, Ill.
- 148. Karges Wagon Co., Evansville, Ind.
- *149. Kansas City Engine Works, Kansas City, Mo.
- 150. Kansas City Hay Press Co., Kansas City, Mo.
- 151. Keck-Connerman Co., Mt. Vernon, Ind.
- *152. Keller Manfg. Co., Corydon, Ind.
- 153. Kelly Plow Co., G. A. Longview, Texas.
- 154. King & Hamilton Co., Ottawa, Ill.
- *155. Kingman Plow Co., Peoria, Ill.
- *156. Kirlin Cultivator Co., Kansas City, Mo.
- *157. Krimey Machinery Co., Indianapolis, Ind.
- 158. La Crosse Plow Co., La Crosse, Wisc.
- *159. Lansing Wagon Works, Lansing, Mich.
- 160. Lauson-Lawton Co., De Pere, Wisc.
- 161. Leam Manfg. Co., Roderick, Mansfield, Ohio.
- 162. Lets Manfg. Co., Crown Point, Ind.
- 163. Litchfield Manfg. Co., Waterloo, Iowa.
- *164. Long & Allstatter Co., Hamilton, Ohio.
- *165. Louisville Wagon Co., Louisville, Tenn.
- 166. Luther Grinder Manfg. Co., Milwaukee, Wisc.
- 167. Madison Plow Co., Madison, Wisc.
- *168. Mandt Wagon Co., Stoughton, Wisc.
- *169. Marion Foundry and Machine Works, Inc., Marion, Va.
- 170. Marcellines Co., East Moline, Ill.
- *171. Maurer Co., F. Spencer, Iowa.
- 172. Maytag Co., Newton, Iowa.
- 173. Messinger Manfg. Co., Tatamy, Pa.
- *174. Midland Manfg. Co., Tarkio, Mo.
- 1207 175. Milburn Wagon Co., Toledo, Ohio.
- *176. Miller Improved Gas Engine Co., Springfield, Ohio.
- 177. Minneapolis Steel and Machinery Co., Minneapolis, Minn.
- 178. Minneapolis Threshing Machine Co., Hopkins, Minn.
- 179. Missouri Hay Press Co., Moberly, Mo.
- *180. Model Gas Engine Works, Peru, Ind.
- 181. Mogul Wagon Co., Hopkinsville, Ky.
- 182. Moline Plow Co., Moline, Ill.
- *183. Moline Wagon Co., Moline, Ill.
- 184. Moore Plow and Implement Co., Greenville, Mich.
- *185. Morton Gas Engine Co., Fresno, Calif.
- *186. Mun'ville Plow Co., Munsville, N. Y.
- *187. Myrick Machine Co., Olean, N. Y.
- *188. Monitor Drill Co., St. Louis Park, Minn.
- *189. National Dairy Machine Co., Goshen, Ind.
- *190. National Engineering Co., Saginaw, Mich.
- 191. New Conklin Wagon Co., Olean, N. Y.
- 192. New Holland Machine Co., New Holland, Pa.
- *193. New Winona Manfg. Co., Winona, Minn.
- 194. Nichols & Shepard Co., Battle Creek, Mich.
- *195. Northwestern Manfg. Co., Ft. Atkinson, Wisc.
- 196. Novo Engine Co., Lansing, Mich.
- 197. Ohio Cultivator Co., Bellevue, Ohio.

- *198. Ohio Manfg. Co., Upper Sandusky, Ohio.
- 199. Ohio Rake Co., Dayton, Ohio.
- *200. Ohio Tractor Manfg. Co., Marion, Ohio.
- *201. Ohio Valley Wagon Co., Marietta, Ohio.
- 202. Oliver Chilled Plow Works, South Bend, Ind.
- 203. One Minute Manfg. Co., Newton, Iowa.
- *204. Original Gas Engine Co., Lansing, Mich.
- *205. Otto Gas Engine Works, Philadelphia, Pa.
- 206. Owatonna Manfg. Co., Owatonna, Minn.
- 207. Owensboro Wagon Co., Owensboro, Ky.
- 208. Patch, A. H. (Incorporated), Clarksville, Tenn.
- *209. Patterson Manfg. Co., Holly, Mich.
- *210. Peerless Motor Co., Lansing, Mich.
- 211. Pattee Plow Co., Monmouth, Ill.
- 212. Pekin Wagon Co., Pekin, Ill.
- 213. Peoria Drill and Seeder Co., Peoria, Ill.
- 214. Perkins Wind Mill Co., Mishawaka, Ind.
- 215. Piedmont Wagon Co., Hickory, N. C.
- 216. Pioneer Tractor Manfg. Co., Winona, Minn.
- 217. Plattner Implement Co., Denver, Colo.
- *218. Pohl Manfg. Co., Geo. D. Vernon, N. Y.
- 219. Port Huron Engine and Thresher Co., Port Huron, Mich.
- *220. Port & Co., Frank H., Knoxville, Tenn.
- *221. Prairie Queen Manfg. Co., Newton, Kansas.
- 222. Quick & Thomas Co., Auburn, N. Y.
- 223. Randolph Wagon Works, Randolph, Wisc.
- *224. Reeves & Co., Columbus, Ind.
- *225. Reid Creamery Dairy Supply Co., A. H. Philadelphia, Pa.
- *226. Richardson Manfg. Co., Worcester, Mass.
- 227. Robinson & Co., Richmond, Ind.
- *228. Rollman Spreader Co., Vinton, Iowa.
- 229. Rock Island Plow Co., Rock Island, Ill.
- *230. Rockwell Manfg. Co., Westchester, Pa.
- 231. Ross Co., E. W., Springfield, Ohio.
- 232. Rude Manfg. Co., Liberty, Ind.
- *233. Rumley Co., M. La Porte, Ind.
- 234. St. Johns Foundry Co., St. Johns, Mich.
- *235. Samson Iron Works, Stockton, Calif.
- 236. Sandwich Manfg. Co., Sandwich, Ill.
- *237. Sattley Machinery Co., Indianapolis, Ind.
- *238. Schilling & Sons, Adam, San Francisco, Calif.
- *239. Schmidt Bros. Co., Davenport, Iowa.
- 240. Schuttler Co., Peter, Chicago, Ill.
- 241. Scott Hay Press Co., Kansas City, Mo.
- *242. Senger Engine Works, Lansing, Mich.
- 243. Seebier Implement and Carriage Co., Moline, Ill.
- 244. Seiberling & Miller Co., Doylestown, Ohio.
- *245. Spangler Manfg. Co., York, Penna.
- 246. Sharjes Separator Co., Westchester, Pa.
- 247. Sheffield Gas Eng. Co., Kansas City, Mo.
- 248. Sioux City Engine and Machinery Co., Sioux City, Iowa.
- 249. Smalley Manfg. Co., Manitowoc, Wisc.
- *250. Smith Manfg. Co., La Crosse, Wisc.
- 251. Smith & Sons Manfg. Co., Kansas City, Mo.
- 252. South Bend Chilled Plow Co., South Bend, Ind.
- 253. Spencer, J. A., Dwight, Ill.
- *254. Springfield Gas Engine Co., Springfield, Ohio.
- 255. Springfield Wagon Co., Springfield, Mo.
- *256. Spuch Bros., Winston-Salem, N. C.
- *257. Sprout, Matt., Sparta, Ill.
- *258. Standard Gas Engine Co., San Francisco, Calif.
- 259. Standard Separator Co., Milwaukee, Wisc.
- *260. Sta-Rite Engine Co., La Crosse, Wisc.
- *261. Stearns Gas Engine Works, Los Angeles, Calif.
- *262. Sterling Iron Works, Stockton, Calif.
- 263. Sterling Manfg. Co., Sterling, Ill.
- 264. Stoughton Wagon Co., Stoughton, Wisc.

- 265. Stever Engine Works, Freeport, Ill.
- *266. Sunflower Manufacturing Co., Manhattan, Kans.
- 267. Superior Gas Engine Co., Springfield, Ohio.
- *268. Superior Manfg. and Mill Co., Springfield, Ohio.
- *269. Jacob Wagon Co., Elizabethtown, Pa.
- *270. Sweet Co., B. F. & H. L., Fond Du Lac, Wisc.
- 271. Syracuse Plow Co., Syracuse, N. Y.
- *272. Temple Pump Co., Chicago, Ill.
- *273. Termant & Monahan Co., Oshkosh, Wisc.
- 274. Thornburgh Manfg. Co., Bowling Green, Ohio.
- *275. Thompson & Sons Manfg. Co., J. Beloit, Wisc.
- 276. Tiffin Wagon Co., Tiffin, Ohio.
- 277. Tower & Sons Co., J. D. Mendota, Ill.
- 278. Troy Wagon Works Co., Troy, Ohio.
- 279. Turnbull Wagon Co., Defiance, Ohio.
- 280. Thornhill Wagon Co., Lynchburg, Va.
- 281. Union Iron Works, Decatur, Ill.
- 282. United Engine Co., Lansing, Mich.
- *283. United Engine and Manfg. Co., Hanover, Pa.
- 284. U. S. Wind Engine and Pump Co., Batavia, Ill.
- 285. VanBrunt Manfg. Co., Horicon, Wisc.
- 286. Vaughn Manfg. Co., Jefferson, Wisc.
- *287. Warner Elevator Manfg. Co., Warner, Ill.
- 288. Waterloo Gasoline Engine Co., Waterloo, Iowa.
- *289. Wayne Works, Richmond, Ind.
- *290. Western Implement Co., Port Washington, Wisc.
- *291. Western Implement and Motor Co., Davenport, Iowa.
- *292. Western Machine Manfg. Co., Eau Claire, Wisc.
- 293. Westinghouse Co., The, Schenectady, N. Y.
- *294. White Hickory Wagon Manfg. Co., Atlanta, Ga.
- 295. White's Sons, Inc., S. R. Norfolk, Va.
- *296. Whitman Agricultural Co., St. Louis, Mo.
- 297. Whitman & Barnes Manfg. Co., Akron, Ohio.
- 298. Wiard Plow Co., Batavia, N. Y.
- *299. Williams Mill Manfg. Co., Honda, N. C.
- 300. Winona Wagon Co., Winona, Minn.
- 301. Wistrand Mfg. Co., Galva, Ill.
- *302. Wogaman Manfg. Co., Greenville, Ohio.
- 303. Wood Bros. Thresher Co., Des Moines, Iowa.
- 304. Wood Mowing and Reaping Machine Co., W. A. Housick Falls, N. Y.

1200

Defendant's Exhibit (S) 31

[Copy]

CONTRACT DATED MARCH 5TH, 1924, BETWEEN INTERNATIONAL HARVESTER COMPANY, FIRST PARTY, AND MOLINE PLOW COMPANY, INC., SECOND PARTY RELATING TO THE SALE OF THE MILWAUKEE HARVESTER LINE.

1210 This agreement made and executed in duplicate this 5th day of March, 1924, between International Harvester Company, a corporation of the State of New Jersey (hereinafter called "first party"), and Moline Plow Company, Inc., a corporation of the State of Virginia (hereinafter called "second party"),

Witnesseth:

Whereas, first party has for many years manufactured a line of harvesting machinery consisting of grain binders, corn binders, reapers, mowers, and rakes, branded and known in the trade as the "Milwaukee Harvester Line," and has marketed the same in

the United States through its subsidiary, the International Harvester Company of America, and in foreign countries through various jobbers;

And whereas, second party desires to acquire the exclusive right to manufacture and sell said Milwaukee line of harvesting machinery and, with that end in view, to purchase of first party the trade name and good will attaching thereto;

And whereas, terms of sale for all of the aforesaid properties and business have been agreed upon and the parties have also agreed upon arrangements for the convenient and orderly transfer of the same and the continued manufacture by first party of the machines and repairs necessary for second party's trade, pending the time when manufacture may be taken over by second party;

Now, therefore, the parties hereto have executed this contract to evidence their agreement with respect to the above matters, as follows:

1211

I

Sale of trade name, good will, patent shop rights, and development expense

In consideration of one dollar (\$1.00), the receipt whereof is hereby acknowledged, and of the purchase of the equipment described in Article II, paragraph 1 below, and the other covenants of second party herein contained, first party hereby transfers, sells, grants, and assigns to second party the following:

1. Trade name.—All of its right, title, and interest in the name "Milwaukee" or its equivalent in any foreign language, as a trade-mark, trade name, or brand in connection with grain binders, corn binders, reapers, mowers, and rakes; also the right to use the name "Milwaukee" as a trade-mark, trade name, or brand on any other harvesting machines or agricultural implements now or hereafter manufactured by said second party both in the United States and all foreign countries; first party agrees not to use the name "Milwaukee" hereafter in connection with any such machines or any other machines of any kind or type.

2. Good will.—First party also transfers and sells to second party all good will connected with or incidental to its Milwaukee line of harvesting machinery, including the good will of its subsidiary, the International Harvester Company of America.

1212 3. Shop rights on patents.—First party also agrees to grant to the second party the nonexclusive shop rights to manufacture, sell, and use the various improvements now embodied in the Milwaukee line of machines sold hereunder which may be covered by the claims of any and all patents or pending applications for patents owned or controlled by the first party, this license or shop right to be transferable or assignable by second party only

in connection with the transfer or assignment of the business to which the improvements relate.

4. Development expense.—First party also agrees to deliver to second party all advertising matter, cuts, electros, plates, catalogs, and direction papers relating to said Milwaukee machines and repairs, and all shop drawings, blue prints, and wood patterns relating thereto—all to be held subject to the order of second party after the execution of this contract.

II

Sale of equipment

1. Description of equipment sold.—First party hereby agrees to sell and second party to buy, all grey and malleable iron, metal, and wood patterns for hand and molding machines, flasks, core boxes, plates, and dryers, together with any and all other foundry equipment including molding machines used exclusively in the manufacture of the Milwaukee Line; also all jigs, templates, dies, and samples used in the manufacture of said line.

1213 2. Terms of payment.—Second party agrees to pay for the equipment mentioned above the sum of five thousand dollars (\$5,000.00), of which one thousand dollars (\$1,000.00) shall be paid upon the final execution and delivery of this contract and the balance covered by second party's note payable July 1, 1924.

3. Option to buy other equipment.—To enable second party to equip its plant without unnecessary duplication or delay, first party hereby gives to second party the right and option to buy such other special machines used exclusively in the manufacture of Milwaukee machines as it may select prior to December 31, 1926. All equipment selected under this option shall be sold and paid for at fair values to be mutually agreed upon or, if the parties are unable to agree, to be fixed by an umpire. All equipment purchased under this option shall be paid for one-half in cash on delivery and the balance by second party's note or notes due six (6) months after date.

4. Conveyance and delivery.—As soon as second party shall have settled for the above equipment by payment of cash and the delivery of notes as above provided, first party will give second party a bill of sale covering all of the property so sold and paid for. Actual delivery is to be deferred until such time as second party shall elect but not beyond thirty (30) days after first party shall have completed all manufacturing required of it as hereinafter provided, and in the meantime first party shall have the right to use said equipment for the manufacture of machines and repairs for second party and agrees to keep the same in good repair, ordinary wear and tear excepted. Delivery of all of said equipment shall be f. o. b. cars, Chicago, Illinois, properly boxed or skidded.

III

Manufacture and sale of machines and repairs

1. Manufacture of machines for 1924 and 1925.—As it will not be feasible for second party to remove and install the equipment purchased and fully equip its own works for the manufacture of Milwaukee machines and repairs in time for the 1924 or 1925 season, first party agrees to continue the manufacture of such machines and repairs at its own factory and sell, supply, and deliver the same to second party in such quantities, from time to time (not in excess of orders to be furnished as hereinafter provided), as second party may require for its trade during such years, second party agreeing on its part to purchase its entire requirements of grain binders, corn binders, reapers, mowers, and rakes from first party. First party further agrees that if second party should be unable to manufacture its full requirements during the first year of operation of its own factory, first party will manufacture such machines or parts of machines as second party may require for that year, to the end that its trade may be fully supplied without interruption by reason of difficulties incident to the transfer of manufacture. In case it should develop that it is impossible for second party to take over the manufacture at the end of the 1926 season, the provisions of this contract for manufacture by first party are to be extended and continued for an additional twelve months.

2. Prices and terms on machines.—All machines sold to second party as aforesaid shall be paid for at the prices named in the schedule of prices attached to and made a part of this contract, provided that if the prices less discounts on similar goods of the McCormick-Deering line as now issued by the International Harvester Company of America to its dealers in the United States shall at any time be increased or decreased, such schedule prices shall be increased or decreased in the same proportion, and such revised schedule prices shall apply to all machines shipped to second party on and after the date at which the new prices of the International Harvester Company of America become effective. If the International Harvester Company of America should make any price reductions retroactive for the purpose of protecting its dealers on the whole or any part of unsold goods previously purchased, second party may protect its dealers in a similar manner, and upon presenting to first party satisfactory evidence of such allowance to dealers second party shall be entitled to have the prices to it of all machines on which such allowances have been granted readjusted to the new and lower basis. All machines are to be paid for in cash within thirty (30) days after shipment. All machines shall be delivered properly packed and crated f. o. b. cars, Chicago, provided that first party may at its option make delivery from branch house stocks with freight adjusted to a Chicago basis; and, provided

further, that if at any time while machines are being sold to second party hereunder, first party or the International Harvester Company of America shall price similar harvesting machines to the domestic trade, or any part thereof, on a more favorable basis with respect to point of delivery or shall absorb any part of the freight from Chicago, corresponding concessions shall be made to second party on all machines sold and shipped to or for its account for sale in the territory affected. All machines, when packed and crated for shipment on second party's order, shall be assembled to the same extent that McCormick Deering machines of corresponding type are customarily assembled when shipped from first party's factories to the trade.

3. Placing of orders and carry-over.—As soon as practicable and not later than March 15, 1924, second party shall place with first party an order for the number of machines of each type which it is estimated will be required for its trade for the 1924 season and a similar estimated order shall be furnished for the season of 1925 prior to January 1, 1925. In case second party's actual 1217 requirements for either of said years, 1924 or 1925 should turn out to be less than the number ordered, first party agrees to carry over to the following season all machines remaining unshipped at first party's factory or unsold in second party's warehouses, provided that the aggregate number of each type of machine to be carried by first party shall not exceed twenty-five per cent (25%) of the total number of each type of machine ordered by second party for such season; and if any machines in excess of said twenty-five per cent remain unshipped or unsold on October 1st of the year for which ordered, second party shall settle for the same in cash on said date.

4. Inspection.—During the period of manufacture by first party as aforesaid, second party shall have the right, if it so desires, to keep an inspector in the first party's factory to inspect any and all machines and repairs sold and shipped to second party hereunder.

5. Warranty.—All machines and repairs supplied to second party hereunder are to be subject to the same warranties as those given by the International Harvester Company of America to its United States dealers and customers on similar goods.

6. Sale of repairs and final settlement for repair inventories.—First party now has stocks of repairs for said Milwaukee harvesting line at a number of its branch houses and also at its factory. All orders for Milwaukee repairs received by first party prior to 1218 January 1, 1925, shall be filled by first party directly, but such transactions shall be for the account of second party who shall be paid on February 1, 1925, seventeen and one-half per cent (17½%) of the net proceeds of all such sales as representing the net profit thereof. After January 1, 1925, first party shall discontinue all repair business in said Milwaukee lines and refer all inquiries and orders to second party. First party agrees to supply second party with repairs out of said stocks and to manufacture

additional repairs as required and ordered by second party during the same period during which it has agreed to manufacture and supply second party with complete machines as aforesaid. At the end of such period second party shall take over and purchase all factory and branch house stocks of Milwaukee repairs for current machines which are in good and salable condition, provided that second party shall not be required to purchase hereunder any repairs in excess of the amount reasonably required to supply its trade for one year, which amount shall be determined by the board of directors of second party within its sole discretion, but second party shall have the option to purchase any excess quantities. Any excess quantity of repairs for current machines left in first party's hands shall be junked.

All repairs supplied and shipped to second party or on its order during the period of manufacture by first party as aforesaid, and including also the branch house and factory stocks taken over at the end of said period, are to be paid for at thirty-five per cent (35%) of the list price (current at date of shipment) of the 1219 International Harvester Company of America for similar repairs for corresponding machines made by first party and sold in the United States by said International Harvester Company of America. Settlement for all such repair stocks shall be made as follows: Fifty per cent (50%) on July 1st following the date of delivery, and fifty per cent (50%) on November 1st following, all repairs to be delivered f. o. b. cars at point of shipment with freight adjusted to a Chicago basis.

Nothing herein shall be construed to require second party to purchase existing stocks or undertake the manufacture of repairs for parts not current or used in the present types of Milwaukee machines, or of repairs for parts not current on machines manufactured by second party, or to require first party to discontinue furnishing such parts in so far as there may be any demand in the trade for the same, and no patterns, dies, or other equipment used solely in the manufacture of such obsolete parts shall be considered as sold hereunder.

IV

Manufacture and sale of canvases, sections, and guard plates

To further assist second party in establishing its trade in the Milwaukee line and as an inducement to the purchase thereof, it is contemplated that after the manufacture of said line has been taken over by second party, first party will manufacture and sell to second party, if it so desires, such canvases, cutting apparatus, rake teeth, sections, guard plates, and repairs as it may require for its trade under annual contracts, provided prices and terms are agreeable to both parties.

V

Assistance in organization

First party agrees to use its best endeavors to assist second party in securing foremen and other experienced or technical help needed for its works' organization for the manufacture of the Milwaukee lines.

Should second party so elect, it may place not to exceed five men from its force in the various departments at first party's McCormick Works to work on the parts and assembling of Milwaukee machines of the kinds sold hereunder—it being understood that first party will pay these men only such amount as is actually earned on the basis of the amounts paid to other employees in said works for like work.

VI

Miscellaneous

1. It is understood that all orders placed hereunder for machines, repairs, canvases, rake teeth, sections, and guard plates, etc., shall not exceed the reasonable requirements of second party for its Milwaukee trade, and that first party is not to be responsible for failure to meet such requirements or make shipments on time 1221 where prevented by strikes, fires, acts of God, governmental interference, or other causes beyond its reasonable control.

2. First party shall carry the risk of loss by fire or other casualty to the equipment, machines, repairs, etc., sold or to be sold hereunder until the date of shipment, but second party will reimburse first party for the cost of insurance from and after the following dates if such dates are prior to the dates of shipment:

(a) On equipment: After delivery of bill of sale.

(b) On machines and repairs at branch houses or works: After date of settlement therefor.

3. Where any date is provided herein for serving notices of election, making payment, or doing of any other act by either party, no rights shall be forfeited (other than the running of interest at five per cent (5%) per annum on overdue payments) by failure to act or perform within the time provided, until the matter has been called to the attention of the party affected, by letter, who shall thereupon have five (5) additional days in which to act or perform.

4. First party agrees to execute and deliver to second party from time to time hereafter whenever requested any and all further and special conveyances, bills of sale, assignments, or other papers necessary and proper to vest in second party the full legal and beneficial ownership of any property sold hereunder, including particularly such papers as may be necessary to give second party 1222 the patent shop rights above referred to, and title to the name "Milwaukee" as a registered trade name in foreign countries.

VII

It is one of the considerations for the sale of the Milwaukee line of harvesting machinery by first party at the terms and prices provided in this agreement that second party will use all the reasonable efforts to maintain said line or any portion thereof in the trade so far as the business developed in the same justifies in the sole discretion of the board of directors of the party of the second part. Second party may change the name of said line at any time it may consider this advantageous, with a view to developing and maintaining its trade in harvesting machinery.

VIII

It is the purpose of the first party in executing this agreement to comply with the requirements of a decree of the District Court of the United States for the District of Minnesota entered on November 2, 1918, in the suit of the United States of America against International Harvester Company, and it is understood that this contract shall not be operative unless and until approved by said court or by the Attorney General of the United States.

In witness whereof, the parties hereto have set their respective hands and seals on the day and date above written by their respective officers duly authorized in that behalf.

[SEAL] INTERNATIONAL HARVESTER COMPANY,
(Signed) By GEORGE A. RANNEY, *Vice President.*

Attest:
(Signed) W. M. GALE.

Secretary.

[SEAL] Moline Plow Company, Inc.,
(Signed) By GEORGE N. PEER, *President*.

Attest :
(Signed) L. C. SHONTS,
Secretary.

1224 SCHEDULE OF PRICES FOR MACHINES AND ATTACHMENTS

[illegible]

1924 SCHEDULE OF PRICES FOR MACHINES AND ATTACHMENTS—Continued

		As shipped for domestic trade	As packed for foreign trade
Mower, regular lift	6 ft	\$43.75	\$46.75
" " " "	4½ ft	47.00	49.50
" " " "	5 ft	43.00	46.00
" " " "	big frame—reg lift, 4½ ft	44.50	47.50
" " " "	" " " "	45.00	48.00
" " " "	" " " "	45.25	48.25
" " " "	" " " "	47.50	50.50
" " " "	reaping attachment, 4½ ft and 5 ft	8.50	9.00
1225 Rakes, 4 3/4-inch teeth	" " " "	31.50	33.00
" " " "	10 25 " " " "	72.75	75.75
" " " "	10 52 " " " "	72.00	75.00
" " " "	10 52 " " " "	23.50	25.00
Rakes, guard teeth, per set add	" " " "	30	30
" " double tire and back yoke	" " " "	1.40	1.50
" " mountain wheels—Non-roller-bearing—add	" " " "	1.10	1.20
" " " " " " " "	" " " "	1.70	1.70
" " 8½" double-coil teeth in place of regular ½ teeth—add, per tooth	" " " "	.024	.024
Corn binder, with bundle carrier	" " " "	110.00	118.00
" " " " " " " "	" " " "	120.25	128.25
" " " " " " " "	" " " "	108.00	116.00
" " " " " " " "	" " " "	6.00	6.00
" " " " " " " "	" " " "	28.25	28.25
" " " " " " " "	" " " "	2.35	2.50

1926-1929

Defendant's Exhibit (S) 32

CHRONOLOGICAL LIST OF PRICE REDUCTIONS PUBLICLY ANNOUNCED DURING THE YEAR 1921 BY VARIOUS COMPANIES MANUFACTURING AGRICULTURAL IMPLEMENTS

Date announced	Name of company	Machines and percentage of reduction
1-10-21	Oliver Chilled Plow Works	Chilled plows, 20%; steel walking plows, sulky plows, gang plows, disk plows, harrows, 15%; cultivators, planters, 10%; rollers, 12½%.
1-17-21	B. F. Avery & Sons	Chilled plows, 20%.
1-19-21	New Columbia Mfg. Co.	Grain drills, seeders, 10%.
1-19-21	Int. Harv. Co. of America	Chilled plows, 20%.
1-30-21	Oliver Chilled Plow Works	Irish, potato machines, planters, spreaders and cultivators, 10%.
1-30-21	Hoover Mfg. & Eng. Co.	Engines, carriage rollers, feed grinders, 10%.
1-30-21	Blount Plow Works	Plows, potato diggers, riding and walking cultivators, harrows, planters, rollers, wagons, stalk cutters. On some lines as high as 25%.
1-31-21	Madison Plow Co.	Chilled plows, 20%.
1-30-21	Demp & Co.	Chilled plows, 20%.
1-30-21	Bohmer Bros. Mfg. Co.	Walking cultivators, 10%; one-horse cultivators, 15%; shovel plows, 15%; garden plows, 10%; disk harrows, 11%; spike-tooth harrows, 10%; to 15%; weeders, 10%.
1-27-21	Vulcan Plow Co.	Sulky plows, walking plows, 20%.
1-27-21	Bateman & Co., Inc.	Plows, harrows, tractor disk harrows, spreaders, weeds, corn, cotton, and potato planters, cultivators, weeders, envelope cutters, buckers, shredders, stalk cutters, drills, hand, power, and traction sprayers, fanning mills, potato diggers, roller presses, tobacco seeders, loaders, and rakes, 15%.
1-27-21	G. L. Allen & Co., Inc.	Hand weevils, hand wheel hoes, garden plows, and cultivators, one-horse cultivators, one-horse harrows, arched and level cultivators, potato diggers, 10% to 15%.
1-27-21	Champion Corporation	Planters, sprayers, and potato diggers, 15-25%.
1-27-21	Ford Motor Co.	Tractors reduced, 10-15%.
2-3-21	Oliver Chilled Plow Works	Tractor gang plows (combined), 15%.
2-3-21	F. W. Myers & Bros. Co.	Hay loads, 10% to 15%.
2-3-21	Papac Machine Co.	Envelope cutters, 20%.
2-3-21	Atlas Machine & Tractor Co.	Tractors, 15, 15%.
1922		
2-3-22	Leitman & Taylor Mch. Co.	Thrashers and tractors, 4% to 11%.
2-3-22	Farbanks, Morse & Co.	Engines, turn weevils, feed mills, envelope cutters, corn shredders, 20% to 25%.
2-12-22	The Maytag Co.	Thrashing machine parts, buckers, and shredders.

CHRONOLOGICAL LIST OF PRICE REDUCTIONS PUBLICLY ANNOUNCED DURING THE YEAR 1921 BY VARIOUS COMPANIES MANUFACTURING AGRICULTURAL IMPLEMENTS—Continued

Date announced	Name of company	Machines and percentage of reduction
2-12-21	Starks Ditch Plow Works	Plows, 20%.
2-12-21	Sandwich Mfg. Co.	Hay loaders.
2-23-21	B. F. Avery & Sons	One-horse planters, 5%.
2-1-21	South Bend Chilled Plow Co.	Tractor, riding and walking plows, cultivators, harrows, stalk cutters, cotton and corn planters, 10% to 20%.
3-3-21	A. F. Meyer Mfg. Co.	Grain elevators, 10%.
3-2-21	Sharples Separator Co.	Cotton separators, 20%.
3-7-21	Int. Harv. Co. of America	Cotton separators, 10%; farm trucks, wagons and gears, cone mills, sweep rakes, stackers, combined sweep rakes & stackers, hay presses, grain drills, alfalfa drills, seeders and sowers, hand shellers, tractor plows, two-way plows, 15%; threshers and harvester threshers, \$100, feed grinders 10%; engines, 5% to 16%; tractors reduced \$150 to \$200—12% to 16%.
3-26-21	Moline Plow Co.	Tractor gang plows (moldboard), two-way plows, grain drills, seeders, and sowers, beet drills, wagons and gears, farm trucks, one-way sulky plows, 15%.
3-26-21	Deere & Co.	Two-way sulky plows, sweep rakes, stackers, hay presses, wagons and farm trucks, tractor plows (moldboard), tractor brush and grub breaker plows, grain drills, seeders, and sowers, 15%.
3-11-21	Emerson-Brantingham Imp. Co.	Tractors reduced, \$300—30%; wagons, tractor plows, two-way plows, hay presses, grain drills, 15%; engines, 10% to 20%.
3-14-21	Deere & Co.	Tractors reduced, \$225—18 7%.
3-15-21	Deere & Co.	Engines, 20%.
3-15-21	Mammy-Harris Harvester Co.	Grain drills, 15%.
3-17-21	J. I. Case Plow Works Co.	Walking plows, sulky and gang plows, harrows, corn planters, corn drills, cotton and corn planters, walking and riding cultivators, stalk cutters, listers, tractors, 15%.
3-17-21	Satsumo Tractor Co.	Tractors, 30%; tractor plows and harrows, 10%.
3-17-21	La Crosse Plow Co.	Moldboard tractor plows, grain drills, 15%.
3-17-21	Fairbanks, Morse Co.	Engines, 20% to 25%.
3-19-21	Emerson-Brantingham Imp. Co.	Spreaders reduced, \$10—25%.
3-26-21	Emerson-Brantingham Imp. Co.	Farm trucks, 15%.
3-31-21	John Lottum Mfg. Co.	Tractors reduced, \$100 to \$300—6% to 12%.
4-12-21	U. S. Steel Corporation	All steel products, 10% to 17%.
4-12-21	Emerson-Brantingham Imp. Co.	Plows, tillage implements, grain binders, corn binders, hay racks, 10%.
4-12-21	B. F. Avery & Sons	Plows, tillage implements, binders, mowers, rakes, loaders, push harvesters, reapers, 10%.
4-12-21	Int. Harv. Co. of America	Disk tractor plows, sulky plows, gang plows, steel walking plows, tractor and horse disk harrows, peg harrows, spring tooth harrows, culti-pickers, cultivators, stalk cutters, corn planters, cotton and corn planters, beet tools, knife grinders, spreaders, mowers, sulky rakes, side rakes, tedders, loaders, grain binders, rice binders, stockers, reapers, headers, push harvesters, New Racine and Sterling threshers, corn binders, corn pickers, power shredders, ensilage cutters, 10%.
4-13-21	Moline Plow Co.	Walking plows, middle breakers, sulky and gang moldboard plows, disk plows (horse and tractor drawn), peg-tooth harrows, horse and tractor disk harrows, pulverizers, ridge breakers, stalk cutters, potato diggers, cultivators, planters, listers, listing plows, beet seeders, beet planters, beet pullers, beet cultivators, grain binders, corn binders, rice binders, reapers, mowers, sulky rakes, spring-tooth harrows, loaders, blue-delivery rakes, spreaders, 10%.
4-13-21	Mammy-Harris Harvester Co.	Grain binders, headers, reapers, mowers, corn binders, hayrakes, tedders, hay loaders, side rake and tedders, land rollers, culti-pickers, manure spreaders, disk harrows, tandem attachments, spring and spike tooth harrows, spring tooth cultivators, combined grain and fertilizer drills, 10%.
4-15-21	Deere & Co.	Grain binders, corn binders, rice binders, mowers, self-dump rakes, spreaders, shellers, disk harrows, disk cultivators, corn planters, corn drills, potato diggers, stalk cutters, beet tools, loaders, spring-tooth harrows, steel walking plows, peg harrows, one-horse cultivators, sulky plows, gang plows (moldboard), and disk cultivators (two-horse and large), middle breakers, listers, 10%.

CHRONOLOGICAL LIST OF PRICE REDUCTIONS PUBLICLY ANNOUNCED DURING THE YEAR 1921 BY VARIOUS COMPANIES MANUFACTURING AGRICULTURAL IMPLEMENTS—Continued

Date announced	Name of company	Machines and percentage of reduction
1229		
4-20-21	Gehl Bros. Mfg. Co.	Ensilage cutters, feed cutters, alfalfa grinders, wood-sawing machines (state their prices were reduced Feb. 1st).
4-21-21	Rock Island Plow Co.	Bulky plows, gang plows, stalk cutters, disk harrows, walking listers, two-row listers and corn drills, corn planters, walking and riding cultivators, ridge busters, 10% or more.
4-21-21	Advance-Rumely Thresher Co., Inc.	Tractors, threshers, engine gang plows, traction disk plows, clover and alfalfa buffers, fuel and water tanks and tank wagons, farm trucks, 15% or more.
4-25-21	Aultman & Taylor Mch. Co.	Tractors, threshers, 7½% to 15% (effective April 12th, including reduction of Feb. 5th).
5-5-21	Ann Arbor Machine Co.	Hay balers, 15%.
5-12-21	Hart-Parr Co.	Tractors reduced, \$200—164%.
6-3-21	Sandwich Mfg. Co.	Corn shellers, 20% to 25%.
6-9-21	Motor Macultivator Co.	Macultivator garden tractor, 13½%.
6-25-21	Oliver Chilled Plow Works.	Tractor disk gang plows, Fordson tractor plows, tractor sulky plows, 12½% to 17½%.
6-26-21	Emerson-Brantingham Imp. Co.	Gas engines.
6-27-21	Emerson-Brantingham Imp. Co.	Tractors reduced, \$75 7½%.
6-30-21	Huber Mfg. Co.	Tractors reduced, \$300.
7-7-21	Appleton Mfg. Co.	Huskies and shredders, silo fillers, shellers, pickers, wood saws, feed grinders, farm trucks, engines, 10% to 20%.
7-7-21	F. E. Myers & Bros. Co.	Windmills, spray outfits, hand power and spray pumps, hay forks, pulleys and hay-carrier trucks, average, 20%.
7-12-21	Int. Harv. Co. of America.	Tractors reduced, \$100—10%.
7-14-21	Sanson Tractor Co.	Tractors reduced, \$200, trucks, \$120.
7-14-21	John Mfg. Co.	Cylinder and spring power shellers, 15% to 20%.
7-20-21	Int. Harv. Co. of America.	Ensilage cutters, 10%.
7-21-21	Moline Plow Co.	Tractors reduced, 66—6%.
7-21-21	Twin City Four Wheel Drive Co.	Tractors, threshers.
7-22-21	Louden Machinery Co.	Hay carriers, hay forks, hay pulleys, hay slings, hay stacks, hay load specialists, weed and litter carriers, auxiliary stails, tubular cattle stanchions, 40%.
1230		
7-23-21	Rucker & Quinn Plow Co.	Disk harrows, spike-tooth harrows, spring-tooth harrows, cultivators, 15%, walking plows, 1% to 10%, sulky and gang plows, 10%.
7-25-21	Deere & Co.	Tractors reduced, \$100—10½%.
7-27-21	Deere & Co.	Shellers, 15%.
7-28-21	Associated Manufacturers Co.	Engines, cream separators, 20%.
7-29-21	Townsend Mfg. Co.	Tractors.
8-1-21	Oliver Chilled Plow Works.	Tractor disk gang plows, 1%.
8-4-21	Cushman Tractor Co.	Tractor, 21% to 27½%.
8-4-21	Burch Plow Works Co.	Walking plows, sulky plows, pulvapakkers.
8-6-21	Banner Suggy Co.	Buggies.
8-6-21	Avery Co.	Tractors and trucks (included in last showing company's).
8-6-21	Litchfield Mfg. Co.	Grinders, who have reduced their price from 16% to 40%.
8-6-21	Minnesota Steel & Mch. Co.	Tractors, threshers, 16% to 40%.
8-13-21	J. I. Case Threshing Mch. Co.	Hay balers, silo fillers, 10% to 33½%.
8-14-21	Lyonsville Silo & Tractor Co.	Tractors, 9.6%.
8-18-21	Cushman Motor Works.	Engines, 10%.
8-20-21	Empire Cream Separator Co.	Milking machines, 20%.
8-25-21	Hall Mfg. Co.	Tractor, 1%.
8-26-21	R. F. Avery & Sons.	Plows, tillage, 20%.
8-26-21	DeLaval Separator Co.	Cream separators, 7½% to 10%.
8-28-21	Peter Schultze Co.	Wagons, 20%.
9-18-21	Moline Plow Co.	Steel and chilled walking plows, sulky plows, tractor plows, disk harrows (tractor and horse drawn), spring-tooth harrows, corn planters, cotton planters, listers, grub drills, mowers and sweepers, riding and walking cultivators, head bins, hay loaders, wagons and farm trucks, stalk cutters, potato diggers, sprayers, 15% to 20%.
9-26-21	R. F. Avery & Sons.	Discbars, rippers, silo racks, tedders, mowers, 10% to 15%.
9-27-21	Int. Harv. Co. of America.	1500 tractor (chain drive), reduced, \$200—14%.
9-28-21	Int. Harv. Co. of America.	Grain-fan-vacuum, machines, seeding machines, feed tank hay machines, corn machines, planters, tillage implements, engines, stalk cutters, 10% to 20%.
9-29-21	The John Louden Mfg. Co.	Engines, 20%.

CHRONOLOGICAL LIST OF PRICE REDUCTIONS PUBLICLY ANNOUNCED DURING THE
YEAR 1921 BY VARIOUS COMPANIES MANUFACTURING AGRICULTURAL IM-
PLEMENTS—Continued

Date an- nounced	Name of company	Machines and percentage of reduction
1231		
10-1-21	Emerson-Brentingham Imp. Co....	Plows, listers, pulverizers, disk and smoothing harrows, corn and cotton planters, stalk cutters, cultivators, mowers, hayrakes, sweep rakes, side-delivery rakes, tedders, loaders, stackers, spreaders, side-delivery drills, corn drills, threshing machinery, grain and fertilizer engines, tractors, buggies, wagons, potato diggers, potato planters, grain and corn binders, 10% to 20%.
10-3-21	Oliver Chilled Plow Works.....	Tractor gang plows (disk and moldboard), tractor marsh plows, tractor disk harrows, horse sulky plows, horse gang plows, (disk and moldboard), cultivators, harrows, chilled and steel walking plows, planters, listers, 15% to 20%.
10-6-21	Massey-Harris Harvester Co.....	Mowers, reapers, grain binders, headers, corn binders, hayrakes, tedders, side rakes, loaders, disk harrows, tandem attachments, tractor disk harrows, cultipackers, spring-tooth cultivators (field), spreaders, spring-tooth harrows, peg-tooth harrows, grain drills, 15% to 20%.
10-6-21	Rock Island Plow Co.....	Plows, tillage implements, spreaders, cream separators, 15% to 30%.
10-6-21	La Crosse Plow Co.....	Cultivators, harrows, listers, horse plows, 20%.
10-6-21	Vulcan Plow Co.....	Plows, 20%; roller pulverizers, 10%.
10-6-21	Kentucky Wagon Mfg. Co.....	Wagons, 15%.
10-6-21	Brinly Hardy Co.....	Tillage tools, 10% to 20%.
10-7-21	Deere & Co.....	Grain drills, 15%.
10-13-21	Hayes Pump & Planter Co.....	Corn planters and cultivators, 33 1/3%.
10-13-21	Sanson Tractor Co.....	Plows, harrows, cultivators, 25% to 30%.
10-13-21	New Way Motor Co.....	Engines reduced, \$25.
10-14-21	Deere & Co.....	Spreaders, 10%.
10-15-21	Deere & Co.....	Steel plow line, tillage implements, chilled plow line, spring-tooth harrows, loaders, side-delivery rakes, sweep rakes, stackers, hay presses, disk harrows, disk cultivators, stalk cutters, corn planters, corn drills, grain binders, corn binders, rice binders, mowers, self-dump rakes, beet tools, engines, shellers, wagons and trucks, 5% to 20%.
10-17-21	Maline Plow Co.....	Grain binders, corn binders, rice binders, reapers, mowers, 15% to 20%.
1232		
10-19-21	Int. Harv. Co. of America.....	Walking plows (black land), Little Chief sulky plows, 10% to 20%.
10-20-21	Culline Plow Co.....	Hay presses, farm wagons and trucks, tillage implements, 25% to 35% for season.
10-27-21	N. D. Bowsher Co.....	Feed-grinding mills.
10-27-21	Albia-Chalmers Mfg. Co.....	Tractors, 5 1/2%.
10-27-21	Turner Mfg. Co.....	C. H. P. engines, 25%.
11-9-21	Deere & Co.....	Shellers, except hand.
11-9-21	Hart-Parr Co.....	Tractors, 5% to 10%.
11-9-21	Stover Mfg. & Eng. Co.....	Engines, windmills, feed grinders, ensilage cutters, pump jacks, 15% to 25%.
11-9-21	Deere & Co.....	Engines.
11-17-21	Johnd Mfg. Co.....	Corn shellers, 10% to 15%.
11-22-21	Int. Harv. Co. of America.....	Two-way plows, 10% adjustment.
12-1-21	United Engine Co.....	Cream separators, saw frames, saw blades, feed cutters, corn shellers, 30% to 40%.
12-1-21	Bremer Tractor Co.....	Tractors reduced, \$40 to \$55.
12-1-21	Rock Island Plow Co.....	Tractors reduced, \$300 to \$400, motor cultivators, \$150; tractor plows, tractor disk harrows and other power farming equipment—substantial reduction, 15% to 30%.
12-1-21	New Idea Spreader Co.....	Spreaders reduced, \$10—5%.
12-1-21	J. I. Case Threshing Mch. Co.....	Tractors, threshers, 10% to 20%; plows, disk harrows, 20% to 30%.
12-23-21	Int. Harv. Co. of America.....	Sweep rakes (one size), 10%.
12-25-21	Twin City Four Wheel Drive Co.....	Tractors reduced, \$185—10%.

1233-1245

Defendant's Exhibit (S) 35

COMPARATIVE SUMMARY OF DEFENDANT'S EXHIBIT 128 (1913 CENSUS—ORIGINAL RECORD VOLUMES 15, 16, 17, 18) AND DEFENDANT'S EXHIBIT (S) 6 (1923 CENSUS)

Comparing competitive conditions in the retail implement industry in the central grain-growing district of the United States with respect to—(a) Number of dealers handling agricultural implements, showing number handling I. H. C. lines only, competitors' lines only, and both I. H. C. and competitors' lines; (b) number of dealers handling tractors, showing number handling I. H. C. lines only, competitors' lines only, and both I. H. C. and competitors' lines; (c) number of dealers handling binders, mowers or rakes, showing number handling I. H. C. lines only, competitors' lines only, and both I. H. C. and competitors' lines.

1246 SUMMARY—COMPARISON OF CENSUS OF IMPLEMENT DEALERS, 1913 AND 1923

	1913		1923		1923 Increase or de- crease over 1913	% of in- crease or decrease over 1913
	Number of dealers	% to total	Number of dealers	% to total		
Total implement dealers						
I. H. C. goods only	976	5.36%	863	4.11%	167	17.33%
Competitor's goods only	3,930	21.37	12,430	63.70	8,500	217.30
Both I. H. C. and competitors' goods	13,344	73.47	6,266	32.10	7,749	58.10
Total	18,434	100.00%	19,557	100.00%	1,123	6.09%
Implement dealers handling tractors						
I. H. C. tractors only	213	17.06%	2,892	58.34%	2,579	925.06%
Competitor's tractors only	1,062	74.30	9,792	64.94	8,730	815.30
Both I. H. C. and competitors' tractors	170	8.42	2,577	13.92	2,231	1,423.72
Total	1,445	100.00%	15,261	100.00%	13,186	912.61%
Implement dealers handling binders, mowers, or rakes						
I. H. C. binders, mowers, or rakes only	3,827	28.15%	5,947	28.06%	1,672	60.89%
Competitor's binders, mowers, or rakes only	2,717	19.45	6,671	30.00	4,154	152.80
Both I. H. C. and competitors' bind- ers, mowers, or rakes	6,070	24.32	2,990	15.90	1,073	19.81
Total	12,614	100.00%	15,608	100.00%	2,994	23.74%

1247 COMPARISON OF CENSUS OF IMPLEMENT DEALERS, 1913 AND 1923

	Total number of implement dealers handling							
	I. H. C. goods only		Competitors' goods only		Both I. H. C. and competi- tory goods		Total	
	1913	1923	1913	1923	1913	1923	1913	1923
Illinois	136	42	327	1,073	1,014	759	1,217	2,230
Indiana	134	47	448	937	1,360	441	1,778	1,439
Iowa	43	43	292	1,349	1,440	734	1,818	2,043
Kansas	51	54	238	1,100	1,130	579	1,443	1,773
Michigan	57	19	280	736	724	312	1,030	1,030
Minnesota	42	54	543	1,094	987	476	1,355	1,626
Missouri	184	74	348	840	1,210	556	1,771	1,544
Nebraska	17	29	110	365	780	431	467	1,040

Remainder of Exhibit 835 on page 637

Defendant's Exhibit (S) 35—Continued

1247 COMPARISON OF CENSUS OF IMPLEMENT DEALERS, 1913 AND 1923—Continued

	Total number of implement dealers handling							
	I. H. C. goods only		Competitors' goods only		Both I. H. C. and competitors' goods		Total	
	1913	1923	1913	1923	1913	1923	1913	1923
New York	59	95	127	224	329	113	525	362
North Dakota	15	63	165	633	310	310	630	1,026
Ohio	166	91	362	1,272	1,410	447	1,958	1,810
Oklahoma	21	85	304	702	596	287	921	1,072
Pennsylvania	22	15	45	49	91	22	158	86
South Dakota	14	28	169	545	469	241	532	915
Wisconsin	56	30	231	1,067	365	558	1,256	1,664
Total	970	800	3,920	12,459	13,544	6,265	18,434	19,827

	Number of implement dealers handling tractors							
	I. H. C. tractors only		Competitors' tractors only		Both I. H. C. and competitors' tractors		Total	
	1913	1923	1913	1923	1913	1923	1913	1923
Illinois	37	297	156	1,006	6	251	199	1,614
Indiana	3	283	73	661		94	76	930
Iowa	13	180	123	1,107	3	408	142	1,698
Kansas	29	336	126	917	5	174	160	1,477
Michigan	1	179	25	435		32	24	682
Minnesota	57	216	187	937			239	1,328
Missouri	3	183	53	663	34	263	58	976
Nebraska	21	79	33	613		158	35	976
New York	6	50	17	149	52	158	109	890
North Dakota	10	114	296	379		12	25	250
Ohio	4	237	46	865	82	241	373	926
Oklahoma	56	186	79	633		121	50	1,324
Pennsylvania	1	34	1	42	6	130	141	609
South Dakota	37	122	182	688		7	2	78
Wisconsin	6	250	41	792		107	47	1,134
Total	313	2,890	1,363	9,780	106	2,377	1,661	10,029

Number of implement dealers handling binders, mowers or rakes

	I. H. C. binders mowers or rakes only		Competitors' binders mowers or rakes only		Both I. H. C. and competitors' binders mowers or rakes		Total	
	1913	1923	1913	1923	1913	1923	1913	1923
Illinois	1,195	401	229	685	468	390	2,002	1,453
Indiana	266	303	191	457	254	182	1,439	945
Iowa	686	279	197	609	780	511	1,958	1,340
Kansas	524	648	243	586	542	215	2,379	1,247
Michigan	549	214	66	356	157	105	774	672
Minnesota	678	247	296	730	281	291	1,256	1,321
Missouri	1,033	338	273	562	300	276	1,906	1,157
Nebraska	442	161	112	367	346	295	900	800
New York	207	109	112	230	56	70	469	339
North Dakota	477	133	147	214	41	158	695	685
Ohio	1,294	793	356	767	204	135	1,744	1,222
Oklahoma	479	255	156	315	213	127	848	767
Pennsylvania	102	28	46	24	8	1	150	63
South Dakota	255	146	112	290	137	124	524	556
Wisconsin	726	286	189	536	369	265	1,197	1,147
Total	9,822	3,647	2,717	6,871	4,072	2,980	16,611	13,717

*Defendant's Exhibit (S) 36*STEEL REQUIREMENTS AND WISCONSIN STEEL WORKS' PROFIT PER HINDER,
MOWER, RAKE, CORN HINDER, 1923

	6-ft. hinder w/bundle carrier	5 ft. mower	10/26 rake	Regular corn hinder w/bundle carrier
Weight of steel requirements:				
Rolled by Wisconsin Steel Works.....	613#	180#	331#	644#
Purchased from outside concerns.....	116	20	11	147
Total.....	729#	200#	342#	791#
Wisconsin Steel Works' net profit on steel shipped to Harvester Works per machine.....	\$1.00	\$1.00	\$1.41	\$2.15

NOTE.—The weights of steel shown above represent the specification weights required for the various machines, subdivided—steel rolled by Wisconsin Steel Works and all other steel not rolled by Wisconsin Steel Works but purchased from outside concerns.

In the Supreme Court of the United States

*Statement of points to be relied upon and designation by appellant
of parts of record to be printed, with proof of service*

Filed Dec. 29, 1925

The appellant states that it intends on its appeal to rely on the following points:

(1) That the court erred in not holding that as adjudged in and by the decree dated August 15, 1914, as amended by the decree dated October 3, 1914, which decree was reinstated as the final decree in this cause by the decree of dissolution dated November 2, 1918, the defendant, International Harvester Company, as originally organized was and now is a combination in restraint of interstate trade and commerce in agricultural implements, and did from its inception monopolize and attempt to monopolize a part of such trade and commerce, and that competitive conditions can only be restored by divesting the International Harvester Company of such part of its business and assets as will bring about a condition of competition substantially as prevailed before said company was formed.

(2) That the purpose of the Sherman Act and of the decree entered against the defendants on August 15, 1914, as amended by the decree entered October 3, 1914, and the decree entered November 2, 1918, was to restore competitive conditions in the harvesting machine industry substantially as they existed before the illegal combination was formed, and that evidence shows that that purpose has not been attained.

(3) That further division of the business and assets of the International Harvester Company should be ordered, substantially as recommended by the Federal Trade Commission in its report to the Senate, dated May 4, 1920, and as prayed in the supplemental petition of the United States.

(4) That practically no new competition was created as the result of the decree of November 2, 1918, and competitive conditions were virtually unchanged as the result of the entry of the decree.

DEPARTMENT OF COMMERCE

BUREAU OF THE CENSUS

WASHINGTON

FOURTEENTH CENSUS OF THE UNITED STATES

MANUFACTURES: 1919

AGRICULTURAL IMPLEMENTS

Prepared under the supervision of EUGENE F. HARTLEY, Chief Statistician for Manufactures

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WASHINGTON
GOVERNMENT PRINTING OFFICE
1922

EXPLANATION OF TERMS.

Scope of census.—Census statistics of manufactures are compiled primarily for the purpose of showing the absolute and relative magnitude of the different branches of industry covered and their growth or decline. Incidentally, the effort is made to present data throwing light upon character of ownership, size of establishments, and similar subjects. When use is made of the statistics for these purposes it is imperative that due attention be given to their limitations, particularly in connection with any attempt to derive from them figures purporting to show average wages, cost of production, or profits.

The census did not cover establishments which were idle during the entire year or for which products were valued at less than \$100, or the manufacturing done in structural, elementary, and penal institutions.

Period covered.—The returns relate to the calendar year 1919, or the business year which corresponded most nearly to that calendar year, and cover a year's operations, except for establishments which began or discontinued business during the year.

The establishment.—As a rule, the term "establishment" represents a single plant or factory, but in some cases it represents two or more plants which were operated under a common ownership or for which one set of books of account was kept. If, however, the plants constituting an establishment as thus defined were not all located within the same city, county, or State, separate reports were required in order that the figures for each plant might be included in the statistics for the city, county, or State in which it was located. In some instances separate reports were secured for different industries carried on in the same establishment.

Classification by industries.—The establishments were assigned to the several classes of industries according to their products of chief value. The products reported for a given industry may, then, on the one hand, include minor products different from those covered by the class designation, and, on the other hand, may not represent the total product covered by this designation, because some products of this class may be made in establishments in which it is not the product of chief value.

Influence of increased prices.—In comparing figures for cost of materials, value of products, and value added by manufacture in 1919 with the corresponding figures for earlier censuses, account should be taken of the general increase in the prices of commodities during recent years. To the extent to which this factor has been influential the figures fail to afford an exact measure of the increase in the volume of business.

Persons engaged in the industry.—The following general classes of persons engaged in the manufacturing industries were distinguished: (1) Proprietors and firm members, (2) salaried officers of corporations, (3) superintendents and managers, (4) clerks (including other subordinate salaried employees), and (5) wage earners.

The number of persons engaged in each industry, segregated by sex, and, in the case of wage earners, also by age (whether under 16 or 16 and over), was reported for a single representative day. The 15th of December was selected as representing for most industries normal conditions of employment, but where this date did not portray such conditions, an earlier date was requested.

In the case of employees other than wage earners the number thus reported for the representative date has been treated as equivalent to the average for the year, since the number of employees of this class does not ordinarily vary much from month to month. In the case of wage earners the average has been obtained in the manner explained in the next paragraph.

In addition to the more detailed report by sex and age of the number of wage earners on the representative day, a report was obtained of the number employed on the 15th of each month, by sex, without distinction of age. From these figures the average number of wage earners for the year has been calculated by dividing the sum of the numbers reported for the several months by 12. The importance of the industry as an employer of labor is believed to be more accurately measured by this average than by the number employed at any one time or on a given day.

The number of wage earners reported for the representative day, though given in certain tables for each separate industry, is not totaled for all industries combined, because, in view of the variations of data, such a total is not believed to be significant. It would involve more or less duplication of persons working in different industries at different times, would not represent the total labor employed in all industries at any one time, and would give an undue weight to industries as compared with industries in constant operation.

In order to determine as nearly as possible the age distribution of the average number of wage earners for an industry, the per cent distribution by age of the wage earners for December 15, or the nearest representative day, has been calculated from the actual numbers reported for that date. The percentages thus obtained have been applied to the average number of wage earners for the year to determine the average numbers 14 years and over, and under 14, employed.

Salaries and wages.—Under these heads are given the total payments during the year for salaries and wages, respectively. The Census Bureau has not undertaken to calculate the average annual earnings of either salaried employees or wage earners. Such averages would possess little real value, because they would be based on the earnings of employees of both sexes, of all ages, and of widely varying degrees of skill. Furthermore, so far as wage earners are concerned, it would be impossible to calcu-

late accurately even so simple an average as this, since the number of wage earners fluctuates from month to month in every industry, and in some cases to a very great extent. The Census Bureau's figures for wage earners, as already explained, are averages based on the number employed on the 15th of each month, and while representing the number according to the pay rolls to whom wages were paid on that date, no doubt represent a larger number than would be required to perform the work in any industry if all were continuously employed during the year.

Prevailing hours of labor.—No attempt was made to ascertain the number of wage earners working a given number of hours per week. The inquiry varied merely for the prevailing practice followed in each establishment. Occasional variations in hours in an establishment from one part of the year to another were disregarded, and no attention was paid to the fact that a few wage earners might have hours differing from those of the majority. All the wage earners of each establishment are therefore counted in the class within which the establishment itself falls. In most establishments, however, practically all the wage earners work the same number of hours, so that the figures give a substantially correct representation of the hours of labor.

Capital (amount actually invested).—The instructions on the schedule for securing data relating to capital were as follows:

"The answer should show the total amount of capital, both wage (and borrowed, on the last day of the business year reported. All the items of fixed and live capital may be taken at the amounts carried on the books. If land or buildings are rented, that fact should be stated and no value given. If a part of the land or buildings is owned, the remainder being rented, that fact should be so stated and only the value of the owned property given. Do not include securities and loans representing investments in other enterprises."

These instructions were identical with those employed at the censuses of 1914 and 1900. The data compiled in respect to capital, however, at both censuses, as well as at all preceding censuses of manufactures, have been so defective as to be of little value except as indicating general conditions. In fact, it has been repeatedly recommended by the census authorities that this inquiry be omitted from the schedule. While there are some establishments whose accounting systems are such that an accurate return for capital could be made, this is not true of the great majority, and the figures therefore do not show the actual amount of capital invested.

Materials.—The statistics as to cost of materials relate to the materials used during the year, which may be more or less than the materials purchased during the year. The term "materials" covers fuel, rent of power and heat, mill supplies, and containers, as well as materials which form a constituent part of the product.

Rent and taxes.—The taxes include certain Federal taxes and State, county, and local taxes. Under "Federal taxes" there are included the internal revenue tax on manufactures (tobacco, beverage, etc.), excise taxes when included in value reported for products, corporation capital stock tax, and corporation income tax, but not the income tax for individuals and partners.

Value of products.—The amounts given under this heading represent the selling value or price at the factory of all products manufactured during the year, which may differ from the value of the products sold.

Value added by manufacture.—The value of products is not always a satisfactory measure of either the absolute or the relative importance of a given industry, because only a part of this value is actually created by the manufacturing process carried on in the industry itself. Another part, and often by far the larger one, represents the value of the materials used. For many purposes, therefore, the best measure of the importance of an industry, from a manufacturing standpoint, is the value created by the manufacturing operations carried on within the industry. This value is calculated by deducting the cost of the materials used from the value of the products. The figures thus obtained is termed in the census reports "value added by manufacture."

Cost of manufacture and profits.—The census data do not show the entire cost of manufacture, and consequently can not be used for the calculation of profits. No account has been taken of depreciation or interest, rent of office and buildings other than factory or works, insurance, ordinary repairs, advertising, and other similar expenses.

Primary horsepower.—This item represents the total primary power equipment of the manufacturing establishments plus the amount of power, principally electric, rented from other concerns. It does not cover the power of electric motors taking their current from dynamo driven by primary power machines operated by the same establishment, because the inclusion of such power would obviously result in duplication. The figures for primary horsepower represent the rated capacity of the engines, motors, etc., and not the amount of power in actual daily use.

Fuel.—Statistics of the quantity of fuel used are shown only for anthracite and bituminous coal, coke, fuel oil, gasoline and other volatile oils, and gas, and represent the quantity used during the year. As only the principal kinds of fuel are shown, comparison as to the total cost of all fuel is impracticable.

AGRICULTURAL IMPLEMENTS.

GENERAL STATISTICS.

General character of the industry.—The agricultural implements manufactured by the establishments here considered may be subdivided into four principal classes: (1) Planters and seeders, (2) plows and cultivators, (3) harvesting implements, and (4) seed separators. In many establishments, however, minor or subsidiary products are manufactured which can not properly be assigned to any of the four main groups, but the value of which is necessarily included in the total value of the products of the factory reporting. In 1919 the total value of these subsidiary or minor products was \$132,605,560, exclusive of repair work, such products including hand tools, engines, tractors, automobiles, wagons, and other miscellaneous products.

Agricultural implements were also made by establishments engaged primarily in the manufacture of other products to the value of \$14,938,340 in 1919 and \$4,033,797 in 1914. The value of such manufactures, however, is not included in the total value of products shown for the agricultural implement industry.

Importance and growth of the industry.—Table 1 summarizes the statistics for each census since 1879, with percentages of increase.

With few exceptions increases are noticeable at each succeeding census. The large increases, however, from 1914 to 1919, in salaries and wages, cost of materials, and value of products are due largely to the general rise of prices and wages following the World War, and do not, therefore, fairly measure the growth of the industry for that period. A truer index of the conditions is found in the increases in the average number of wage earners and primary horsepower. The addition of the Federal income tax since 1914 will account for the increase in "Rent and taxes."

States ranked by value of products.—Illinois, as shown by Table 2, was preeminently the leading state in the manufacture of agricultural implements in 1919, a condition which has existed for the past several censuses. In 1919 this state reported 41.5 per cent of the total number of wage earners and 42.1 per cent of the total value of products. Wisconsin, second in importance, contributed only 9.6 per cent and 14.3 per cent, respectively, of these two items. In this connection it should be explained that a considerable proportion of the total value of products for Wisconsin represents the manufacture of automobiles and if the ranking of the states were made on the basis of the value of products actually pertaining to the agri-

cultural implement industry, both Indiana and Ohio would take precedence over Wisconsin. Although a majority of the states were engaged in the manufacture of agricultural implements to a limited extent, the industry has become centralized in Illinois, Wisconsin, Indiana, Ohio, New York, Michigan, and California, named in the order of their rank by value of products. Combined these seven states produced 89 per cent of the total value of products for the industry in 1919.

Persons engaged in the industry.—The age classification of the average number of wage earners in Table 3 is an estimate obtained by the method described in the "Explanation of terms." The classification, by sex, for 1919 was reported separately, but for 1914 and 1909 was obtained in the same manner as the distribution by age. Figures in detail will be found in Table 15.

Wage earners, by months.—The statistics for wage earners in Table 4 show the regularity of employment, or the reverse, in accordance with existing industrial conditions during the several census years, together with the percentage which the number reported for each of the several months forms of the number reported for the maximum month.

Wage earners, by months, on the 15th day of the month, or nearest representative day.—As shown by Table 5, the number of wage earners employed in the industry month by month ranged from a maximum of 59,748 in February to a minimum of 49,483 in August, the minimum number being equivalent to 82.8 per cent of the maximum. Figures are given for the states separately, while for the United States the number of males and of females is also shown.

Prevailing hours of labor.—Table 6 shows a marked shortening of the working-day for the industry since 1914. In that year only 14.6 per cent of the wage earners were reported as employed less than 54 hours per week against 56.2 per cent in 1919. In 1914 the "60" and "Over 60" groups constituted 23.8 per cent of the total wage earners, as compared with 4.3 per cent in 1919.

Size of establishments, by average number of wage earners.—Table 7 discloses the significant fact that 218 establishments, or 41.8 per cent of the total number for the industry, employed fewer than 6 wage earners each, while only 393, or seven-tenths of 1 per cent of the total number of wage earners, were em-

ployed therein, showing the predominance of the small establishments based upon the average number of wage earners. On the other hand, the classes "501 to 1,000" and "Over 1,000" wage earners, comprising 23 establishments, employed 32,870 wage earners, or 60.5 per cent of the total average number.

Size of establishments, by value of products.—At the censuses of 1909 and 1914 establishments with products valued at "\$100,000 to \$1,000,000" constituted one group, but at the census of 1919 this group was subdivided into "\$100,000 to \$500,000," and "\$500,000 to \$1,000,000." Separate figures for the number of establishments and value of products have been compiled, however, from the returns for 1914. Table 8, therefore, gives combined figures for these two groups for all items for 1909, and for the average number of wage earners and value added by manufacture for 1914. The statistics in this table show the degree of concentration of production in large establishments. In 1919, the groups "\$500,000 to \$1,000,000" and "\$1,000,000 and over" included 87 establishments, or 16.7 per cent of the total number for the industry, employed 47,013 wage earners, or 86.5 per cent of the total average number, and reported products to the value of \$273,232,857, or 89.6 per cent of the total value of products.

Character of ownership.—Table 9 emphasizes the predominance of the corporate form of ownership. Corporations owned 59.1 per cent of the total number

of establishments for the industry in 1919, employed 97.5 per cent of the total average number of wage earners, and reported 97.5 per cent of the value of products. During the five-year period, 1914 to 1919, the average number of wage earners in corporations increased 6,796, or 14.7 per cent, and the value of products \$139,811,574, or 88.8 per cent.

Number and horsepower of types of prime movers.—From 1914 to 1919, as shown by Table 10, there was an increase in the total horsepower for the industry of 6,821 horsepower, or 5.6 per cent, due wholly to an increase of 16,906 horsepower, or 54.6 per cent, in rented power, since owned power decreased 10,085 horsepower, or 11.1 per cent, during this five-year period.

Fuel consumed.—Table 11 shows the principal kinds of fuel used for the industry in 1919 and 1914, with per cent of increase, and also gives separately the amounts consumed in states requiring considerable quantities of fuel for such manufactures. Of the totals for the three chief kinds of fuel used in connection with the industry in 1919, Illinois reported 52.5 per cent of the bituminous coal, 37.4 per cent of the coke, and 47.9 per cent of the fuel oils. Anthracite coal is naturally consumed in the Eastern states, and three states—New Jersey, New York, and Pennsylvania—combined, reported 92 per cent of this kind of coal used by the industry in 1919.

TABLE 1. COMPARATIVE SUMMARY: 1919, 1914, 1909, 1904, 1899, 1889, AND 1879.

	NUMBER OR AMOUNT.							PER CENT OF INCREASE. ¹						
	1919	1914	1909	1904	1900	1899	1879	1914 1919	1909 1914	1904 1909	1900 1904	1899 1904	1879 1909	
Number of establishments.....	220	601	640	947	713	610	1,942	-12.9	-4.1	-1.2	-9.4	-21.4	-52.2	
Persons engaged.....	67,627	58,118	96,329	31,000	57,334	(?)	(?)	12.6	-3.5	8.3	-3.8	.....	.....
Proprietors and firm members.....	621	631	465	476	626	(?)	(?)	25.5	-7.9	-6.2	-36.8	.....	.....
Federated employees.....	11,400	9,226	8,373	7,190	30,000	(?)	(?)	21.3	6.2	28.6	-26.3	.....	.....
Wage earners (average number).....	56,166	47,459	87,491	23,314	26,708	29,627	39,346	12.2	-4.1	6.7	1.7	(?)	(?)	
Primary horsepower.....	129,349	121,420	246,001	80,724	70,640	96,395	44,731	6.6	36.7	12.1	27.0	46.2	12.7	
Capital.....	\$29,952,052	\$29,325,073	\$23,290,096	\$19,740,300	\$15,747,954	\$14,313,845	\$93,352,000	9.4	22.1	20.2	34.8	6.5	134.9	
Salaries and wages.....	\$6,636,177	\$7,460,700	\$9,746,613	\$5,371,706	\$6,514,090	\$1,611,761	\$5,330,659	36.2	22.9	19.0	5.7	61.3	43.9	
Interest.....	\$1,925,760	\$1,060,665	\$9,120,969	\$1,572,660	\$1,360,790	(?)	(?)	66.7	29.3	52.9	-9.5	.....	.....
Wages.....	\$6,768,434	\$4,380,035	\$9,668,613	\$5,482,459	\$7,874,880	(?)	(?)	90.9	30.0	14.4	11.4	.....	.....
Profit for contract work.....	\$13,437	\$94,400	\$6,622	\$33,439	\$29,146	(?)	(?)	6.1	11.6	-29.8	-3.4	.....	.....
Rent and taxes.....	\$2,174,955	\$1,754,399	\$1,117,680	\$1,795,960	\$1,567,679	(?)	(?)	636.2	35.4	60.4	23.9	.....	.....
Cost of materials.....	\$44,571,943	\$4,309,061	\$9,398,212	\$9,291,439	\$1,944,030	\$1,665,365	\$1,551,170	96.7	21.9	34.9	9.9	80.1	6.2	
Value of products.....	\$64,081,965	\$64,001,000	\$46,829,768	\$12,607,824	\$9,397,429	\$1,571,655	\$9,049,696	65.9	12.1	30.6	16.7	36.5	18.4	
Value added by manufacture.....	\$50,296,023	\$9,579,790	\$6,023,149	\$5,735,969	\$1,363,930	\$9,069,708	\$7,199,216	77.1	5.3	25.0	11.2	15.2	22.5	

¹ A minus sign (-) denotes decrease.
² Figures not available.

³ Figures not strictly comparable.
⁴ Excludes of internal revenue.

⁵ Value of products less cost of materials.

AGRICULTURAL IMPLEMENTS.

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TABLE 2.—AGRICULTURAL IMPLEMENTS FOR STATES, RANKED BY VALUE OF PRODUCTION.

STATE.	Number of establishments.	WAGE EARNERS.			VALUE OF PRODUCTS.			VALUE ADDED BY MANUFACTURE.		
		Average number.	Per cent distribution.	Rank.	Amount (expressed in thousands).	Per cent distribution.	Rank.	Amount (expressed in thousands).	Per cent distribution.	Rank.
United States	321	34,368	100.0		\$304,961	100.0		\$100,390	100.0	
Illinois	68	22,548	41.5	1	128,285	42.1	1	68,125	39.4	1
Wisconsin	34	5,207	9.6	3	43,623	14.3	2	25,188	15.7	2
Indiana	29	5,533	16.2	2	31,424	10.4	3	19,209	12.0	3
Ohio	46	4,931	9.1	4	26,556	8.7	4	13,560	8.5	4
New York	69	4,620	8.5	5	20,421	6.7	5	10,482	6.5	5
Michigan	21	2,708	5.0	6	11,091	3.6	6	6,043	3.8	6
California	34	1,574	2.9	7	9,499	3.1	7	5,773	3.6	7
Iowa	26	906	1.7	9	5,409	2.0	8	3,137	2.0	8
Pennsylvania	27	1,371	2.5	8	5,526	1.8	9	2,960	1.8	9
Kentucky	8	723	1.4	11	4,407	1.4	10	2,127	1.3	10
Georgia	13	802	1.6	10	3,476	1.1	11	1,600	1.0	11
Tennessee	14	727	1.3	12	2,516	0.8	12	1,279	0.8	12
Minnesota	16	301	0.9	13	2,381	0.8	13	986	0.6	13
Missouri	14	254	0.5	14	1,457	0.5	14	656	0.4	15
New Jersey	10	219	0.4	15	1,368	0.4	15	665	0.4	14
Virginia	14	239	0.4	16	996	0.3	16	557	0.3	16
Washington	9	145	0.3	19	913	0.3	17	467	0.3	17
North Carolina	17	230	0.4	17	877	0.3	18	557	0.3	18
Kansas	14	129	0.2	20	770	0.3	19	317	0.2	18
Vermont	10	241	0.5	15	691	0.2	21	310	0.2	20
Nebraska	5	66	0.1	22	330	0.1	22	143	0.1	23
Colorado	5	19	(1)	27	122	(1)	27	64	(1)	26
All other states	62	894	0.9		2,656	0.7		1,162	0.7	

1 Less than one-tenth of 1 per cent.

TABLE 3.—PERSONS ENGAGED IN THE INDUSTRY: 1919, 1914, AND 1909.

CLASS.	Cen- sus year.	Total.	Male.	Fe- male.	PER CENT OF TOTAL.		CLASS.	Cen- sus year.	Total.	Male.	Fe- male.	PER CENT OF TOTAL.	
					Male.	Fe- male.						Male.	Fe- male.
All classes.	1919	67,177	63,761	3,396	94.9	5.1	Clerks and other subordinate salaried employees.	1919	9,622	7,276	2,346	75.6	24.4
	1914	56,118	50,400	1,718	97.0	3.0		1914	7,572	6,384	1,188	84.3	15.7
	1909	60,229	58,617	1,612	97.2	2.8		1909	7,190	6,137	1,053	85.4	14.6
Proprietors and officials.	1919	3,192	3,120	72	98.2	1.8	Wage earners (average number).	1919	54,368	53,375	993	98.2	1.8
	1914	2,987	2,959	28	99.2	0.8		1914	48,439	47,906	533	99.0	1.0
	1909	2,449	2,445	4	99.3	0.7		1909	50,551	49,935	616	98.8	1.2
Proprietors and firm members.	1919	323	296	27	91.6	8.4	16 years of age and over.	1919	54,314	53,322	992	98.2	1.8
	1914	431	400	31	92.9	7.1		1914	48,377	47,884	493	99.0	1.0
	1909	605	588	17	97.2	2.8		1909	50,345	49,730	615	98.8	1.2
Salaried officers of corporations.	1919	367	365	2	99.3	0.7	Under 16 years of age.	1919	54	53	1	98.1	1.9
	1914	557	549	8	98.4	1.6		1914	62	62	0	100.0	0.0
	1909	589	584	5	99.1	0.9		1909	206	206	0	100.0	0.0
Superintendents and managers.	1919	2,379	2,367	12	99.5	0.5							
	1914	1,794	1,791	3	99.7	0.3							
	1909	1,455	1,433	22	98.5	1.5							

TABLE 4.—WAGE EARNERS, BY MONTHS: 1919, 1914, AND 1909.

MONTH.	NUMBER.			PER CENT OF MAXIMUM.			MONTH.	NUMBER.			PER CENT OF MAXIMUM.		
	1919	1914	1909	1919	1914	1909		1919	1914	1909	1919	1914	1909
January	52,930	51,795	51,540	97.0	98.0	95.9	July	52,930	45,165	45,027	98.5	78.6	81.2
February	59,766	49,600	53,673	100.0	90.8	96.8	August	49,443	37,840	44,906	92.8	69.3	84.6
March	59,633	50,143	54,139	99.9	95.9	96.7	September	55,256	54,058	46,464	95.8	94.9	80.2
April	55,771	54,395	53,163	98.3	97.7	95.9	October	51,760	50,536	49,477	95.5	93.9	90.2
May	53,994	49,904	50,999	96.4	90.6	91.9	November	52,610	44,219	52,410	95.1	71.4	94.5
June	52,617	49,980	48,737	95.4	78.9	87.9	December	56,130	47,045	55,663	94.1	76.0	100.0

1 The figures represent the number employed on the 15th of each month or the nearest representative day. Maximum number indicated by bold-faced figures, minimum by italic figures.

MANUFACTURES

TABLE 5.—WAGE EARNERS, BY MONTHS, FOR SELECTED STATES: 1919.

(The month of maximum employment for each state is indicated by bold-faced figures and that of minimum employment by italic figures.)

STATE.	Average number employed during year.	NUMBER EMPLOYED ON 15TH DAY OF THE MONTH OR NEAREST REPRESENTATIVE DAY.												Per cent minimum is of maximum.
		January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	
United States.....	54,369	57,926	59,758	56,653	55,771	53,994	53,817	52,900	49,455	51,256	51,009	52,610	56,199	82.8
Males.....	51,375	54,850	56,684	53,617	54,765	52,043	51,925	51,050	47,690	50,326	49,981	51,518	55,152	83.0
Females.....	3,000	1,067	1,064	1,036	1,006	1,951	1,892	1,850	1,765	930	1,028	1,092	1,047	73.5
California.....	1,378	2,112	2,057	1,796	1,675	1,621	1,451	1,292	1,164	1,196	1,390	1,522	1,632	56.1
Georgia.....	992	1,019	1,095	1,014	829	734	730	815	839	900	873	930	970	66.8
Illinois.....	22,548	24,513	25,685	24,474	22,811	21,940	21,613	22,448	18,990	21,794	21,848	22,016	23,164	75.5
Indiana.....	5,583	5,950	5,907	5,579	5,064	5,214	5,244	5,426	5,519	5,416	5,770	5,906	6,118	85.6
Iowa.....	906	906	913	914	913	901	892	900	834	836	909	901	991	86.2
Kentucky.....	773	879	900	904	895	829	653	645	697	656	796	716	838	87.9
Michigan.....	2,706	2,644	2,943	3,111	3,113	2,913	2,918	2,669	2,683	2,110	2,273	2,469	2,782	67.8
Minnesota.....	504	475	485	481	451	418	490	512	541	599	593	544	533	86.1
New York.....	4,626	4,971	5,541	5,217	5,116	4,906	4,520	4,477	4,193	4,023	5,779	4,154	4,696	70.6
Ohio.....	4,931	5,261	5,544	5,411	5,092	4,813	4,669	4,698	4,647	4,741	4,765	4,938	5,146	81.4
Pennsylvania.....	1,271	1,590	1,476	1,430	1,494	1,531	1,445	1,392	1,515	987	1,092	1,127	1,454	64.5
Tennessee.....	727	706	692	795	691	678	707	690	707	769	806	817	896	76.3
Wisconsin.....	5,207	5,190	5,927	5,601	5,625	5,569	5,474	5,397	5,259	5,392	4,564	4,612	5,034	78.4

TABLE 6.—AVERAGE NUMBER OF WAGE EARNERS, BY PREVAILING HOURS OF LABOR PER WEEK, FOR SELECTED STATES: 1919 AND 1914.

STATE.	Census year.	Total.	IN ESTABLISHMENTS WHERE THE PREVAILING HOURS OF LABOR PER WEEK WERE—							
			44 and under.	Between 44 and 48.	48.1	Between 49 and 54.	54.	Between 54 and 60.	60.	Over 60.
			(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
United States.....	1919	54,369	180	76	2,372	27,952	6,296	15,180	2,345	13
	1914	48,439	(?)	(?)	4,481	2,432	4,569	28,258	11,520	10
	1909	50,551	(?)	(?)	463	2,029	4,081	27,540	18,067	132
California.....	1919	1,378	30	(?)	1,235	265	49	.....	.....	.....
	1914	994	(?)	(?)	8	26	679	.....	.....	.....
Georgia.....	1919	992	.....	.....	1	132	10	497	262	.....
	1914	877	.....	.....	.....	77	.....	52	649	.....
Illinois.....	1919	22,548	.....	.....	179	11,792	2,096	1,639	312	.....
	1914	19,556	(?)	(?)	1,197	730	566	13,752	3,311	.....
Indiana.....	1919	5,583	.....	.....	161	1,000	162	2,049	172	.....
	1914	5,950	(?)	(?)	2,698	407	332	.....	304	.....
Iowa.....	1919	906	.....	29	2	213	264	315	76	.....
	1914	1,104	(?)	(?)	1	181	37	405	560	.....
Kentucky.....	1919	773	.....	.....	.....	58	11	608	8	.....
	1914	660	.....	.....	.....	22	29	590	1	.....
Michigan.....	1919	2,706	.....	.....	7	279	120	2,296	190	.....
	1914	2,143	(?)	(?)	199	411	768	1,179	534	.....
Minnesota.....	1919	504	.....	.....	6	239	14	117	149	.....
	1914	475	(?)	(?)	1	.....	9	179	693	.....
New York.....	1919	4,626	.....	.....	399	3,290	774	267	78	.....
	1914	4,971	.....	.....	13	137	5,673	1,675	1	.....
Ohio.....	1919	4,931	4	.....	4	1,364	634	2,096	419	8
	1914	5,954	(?)	(?)	10	811	2,419	331	.....	.....
Pennsylvania.....	1919	1,271	135	.....	.....	140	347	362	595	.....
	1914	2,014	(?)	(?)	1	16	671	1,178	370	.....
Tennessee.....	1919	727	5	.....	.....	64	99	192	436	.....
	1914	617	.....	.....	.....	.....	91	.....	419	4
Wisconsin.....	1919	5,207	.....	.....	214	69	3	4,496	73	.....
	1914	5,190	(?)	(?)	8	63	88	507	2,180	1

* Includes 44 and under for 1914 and 1909.

* Corresponding figures not available.

AGRICULTURAL IMPLEMENTS.

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TABLE 7.—SIZE OF ESTABLISHMENTS, BY AVERAGE NUMBER OF WAGE EARNERS, FOR SELECTED STATES: 1919.

STATE.	TOTAL.		ESTABLISHMENTS EMPLOYING--																
	Establishments.	Wage earners (average number).	No wage earners.	1 to 5 wage earners, inclusive.	6 to 20 wage earners, inclusive.	21 to 50 wage earners, inclusive.	51 to 100 wage earners, inclusive.	101 to 250 wage earners, inclusive.	251 to 500 wage earners, inclusive.	501 to 1,000 wage earners, inclusive.	Over 1,000 wage earners.								
				Establishments.	Wage earners.	Establishments.	Wage earners.	Establishments.	Wage earners.	Establishments.	Wage earners.	Establishments.	Wage earners.	Establishments.	Wage earners.				
United States... 1919..	521	54,366	47	178	393	103	1,165	67	2,281	43	2,961	46	7,394	21	7,494	13	10,621	10	22,249
..... 1914..	601	48,430	35	242	530	119	1,367	76	2,608	45	3,156	50	8,296	22	7,804	14	8,948	7	15,090
California.....	34	1,578	3	19	25	7	84	3	129	2	325	2	345	1	435	1	1,000		
Georgia.....	13	892	1	4	10	3	27	2	44										
Illinois.....	66	22,548	5	13	39	7	66	4	141	11	304	12	1,896	5	1,790	7	5,910	4	11,948
Indiana.....	29	5,533	1	7	17	6	71	3	144	3	300	3	496	2	719			2	3,886
Iowa.....	26	936	2	9	18	8	90	2	75	1	77	4	646						
Kentucky.....	5	772		4	5	0	26	1	42							1	608		
Michigan.....	23	2,798		6	19	4	69	6	234	3	292	1	396	2	944			1	1,042
Minnesota.....	16	391		5	14	5	36	4	141			2	290						
New York.....	40	4,626	1	8	12	10	120	12	378	3	319	1	111	2	768	1	869	2	2,185
Ohio.....	66	4,931	3	14	36	3	70	4	152	4	325	9	1,490	5	1,093	2	1,262		
Pennsylvania.....	27	1,371	2	3	7	4	33	4	115	4	244	3	347	2	625				
Tennessee.....	14	727	1	4	9	0	34	2	87	2	133	1	119	1	345				
Wisconsin.....	54	5,237	6	12	28	5	31	5	170	2	143	3	481	1	375	1	807	1	3,153

TABLE 8.—SIZE OF ESTABLISHMENTS, BY VALUE OF PRODUCTS: 1919, 1914, AND 1909.

VALUE OF PRODUCT.	NUMBER OF ESTABLISHMENTS.			AVERAGE NUMBER OF WAGE EARNERS.			VALUE OF PRODUCTS.			VALUE ADDED BY MANUFACTURE.		
	1919	1914	1909	1919	1914	1909	1919	1914	1909	1919	1914	1909
All classes.....	521	601	640	54,366	48,430	50,551	\$399,961,265	\$164,086,635	\$146,526,268	\$100,387,322	\$90,578,190	\$96,022,749
Less than \$1,000.....	95	109	156	74	170	171	241,262	607,627	359,051	138,093	230,073	227,415
\$1,000 to \$20,000.....	100	120	172	317	633	814	1,157,515	1,359,821	1,827,822	417,009	742,048	1,050,120
\$20,000 to \$100,000.....	179	147	142	1,672	2,082	2,929	6,617,612	6,865,330	6,927,862	3,425,162	3,789,067	3,779,091
\$100,000 to \$500,000.....	201	80	120	3,292	14,401	16,287	23,782,019	22,609,167	45,075,607	12,418,551	23,497,905	23,531,496
\$500,000 to \$1,000,000.....	29	37	34	4,266	30,367	30,821	20,511,795	21,338,968	.....	10,958,330	.....	.....
\$1,000,000 and over.....	16	36	34	62,420	30,367	30,821	202,721,064	112,430,703	94,138,306	132,943,334	62,380,967	67,425,628
PER CENT DISTRIBUTION.												
All classes.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$1,000.....	18.9	18.1	24.4	0.1	0.4	0.3	0.1	0.3	0.3	0.1	0.3	0.3
\$1,000 to \$20,000.....	19.4	21.5	26.9	0.6	1.3	1.7	0.4	0.8	1.3	0.4	0.8	1.2
\$20,000 to \$100,000.....	35.0	24.6	22.7	3.1	5.5	5.8	2.7	4.2	4.7	3.1	4.2	4.4
\$100,000 to \$500,000.....	38.8	15.5	19.3	6.7	30.1	32.2	7.4	13.2	.....	7.7	.....	.....
\$500,000 to \$1,000,000.....	5.4	6.3	5.1	8.1	.....	.....	6.7	11.0	.....	6.8	.....	.....
\$1,000,000 and over.....	11.1	6.0	5.8	29.4	62.7	60.0	82.9	68.5	64.3	82.8	68.8	66.8

MANUFACTURES.

TABLE 9.—CHARACTER OF OWNERSHIP, FOR SELECTED STATES: 1919 AND 1914.

STATE.	Con- tin- uous year.	NUMBER OF ESTABLISH- MENTS OWNED BY—			AVERAGE NUMBER OF WAGE EARNERS.									VALUE OF PRODUCTS.								
					In establishments owned by—			Per cent of total.			Total.			Of establishments owned by—			Per cent of total.					
		Indi- vid- uals.	Cor- pora- tions.	All oth- ers.	Indi- vid- uals.	Cor- pora- tions.	All oth- ers.	Indi- vid- uals.	Cor- pora- tions.	All oth- ers.				Indi- vid- uals.	Cor- pora- tions.	All oth- ers.						
United States.....	1919	109	360	74	54,366	546	31,609	749	1.0	97.5	1.5	\$294,961,265	\$2,391,065	\$297,351,964	\$5,267,536	0.8	97.5	1.7				
	1914	108	315	65	49,439	619	46,233	1,467	1.7	95.4	2.9	194,086,635	2,087,303	157,690,300	4,309,942	1.3	96.0	2.7				
	1909	104	249	107	39,551	955	49,141	1,445	1.9	95.2	2.9	140,329,266	2,174,406	140,603,575	3,490,627	1.5	96.1	2.4				
California.....	1919	26	10	4	1,576	46	1,543	19	2.9	95.9	1.2	9,690,160	231,297	9,994,939	161,690	2.5	95.6	1.7				
	1914	16	6	6	790	26	965	13	3.7	94.5	1.8	1,962,235	177,639	1,746,234	44,691	0.1	94.7	2.3				
Georgia.....	1919	3	9	1	667	14	666	32	6.4	98.6	4.5	3,475,795	118,043	3,456,792	98,589	0.5	99.5	4.6				
	1914	6	9	3	677	14	551	32	2.4	97.0	3.5	1,569,347	21,876	1,589,941	98,530	1.5	92.0	4.6				
Illinois.....	1919	0	55	10	22,548	4	22,969	75	(?)	99.6	0.5	129,264,750	43,489	127,911,845	329,441	(?)	99.7	0.3				
	1914	11	51	11	19,556	46	19,487	40	0.2	99.4	0.3	65,537,663	151,607	65,617,799	169,306	0.2	99.5	0.3				
Indiana.....	1919	0	32	2	5,533	136	5,397	83	6.1	99.1	4.5	31,923,733	142,394	31,721,439	142,394	0.5	99.7	4.5				
	1914	5	25	2	3,991	132	3,869	83	6.8	99.2	4.5	12,791,661	135,657	12,735,904	142,394	0.6	99.6	4.5				
Iowa.....	1919	4	17	5	966	21	971	14	2.3	96.1	1.5	5,959,129	66,366	5,926,261	66,367	1.1	97.5	1.6				
	1914	9	16	9	1,164	12	993	167	1.0	92.9	10.1	3,216,263	48,439	4,309,665	167,139	0.9	92.4	10.9				
Michigan.....	1919	6	16	1	2,796	101	2,613	20	3.5	96.5	0.9	11,080,600	274,717	10,815,912	67,469	2.5	97.5	0.9				
	1914	6	18	4	2,143	96	2,027	20	4.5	94.6	0.9	7,731,217	273,131	7,309,617	67,469	3.5	95.6	0.9				
Minnesota.....	1919	3	12	1	391	11	490	10	2.2	97.8	1.1	2,341,311	46,635	2,294,676	30,694	2.0	98.0	1.2				
	1914	3	11	3	672	5	667	10	0.6	96.3	3.1	3,812,726	21,765	3,790,961	30,694	0.6	96.1	3.2				
Missouri.....	1919	6	7	3	254	23	233	6	13.6	93.9	3.1	1,436,774	150,436	1,286,492	47,922	10.3	96.4	3.3				
	1914	6	9	3	280	41	193	7	17.1	93.0	2.9	589,964	156,960	389,694	68,270	26.5	94.4	11.1				
New York.....	1919	10	24	6	5,636	72	4,467	67	1.6	97.0	1.4	29,421,369	296,369	29,145,025	336,181	1.2	97.2	1.7				
	1914	14	20	7	5,390	60	5,360	30	1.7	97.6	0.7	14,579,694	167,919	14,411,775	251,613	1.3	97.0	1.7				
Ohio.....	1919	5	34	7	4,991	4	4,931	396	0.1	97.9	8.0	26,536,993	33,175	26,569,936	3,555,918	0.1	97.2	12.6				
	1914	14	41	4	3,464	39	3,223	173	1.1	96.9	3.2	17,494,615	166,690	16,328,925	979,717	1.0	95.4	3.6				
Pennsylvania.....	1919	11	12	4	1,371	46	1,219	72	5.6	98.9	5.5	5,536,111	205,649	5,330,462	167,691	3.7	99.0	3.4				
	1914	17	15	6	2,616	137	1,359	672	6.8	98.9	33.5	4,843,653	211,449	4,632,204	1,665,139	4.4	95.4	39.2				
Tennessee.....	1919	2	9	3	727	76	711	21	97.1	97.1	2.9	2,556,339	2,143,139	4,721,180	16,509	65.7	14.9					
	1914	6	6	3	347	71	449	6	13.7	93.1	1.7	1,171,694	193,636	978,058	16,509	17.3	92.4	1.3				
Wisconsin.....	1919	9	10	6	5,267	35	5,196	6	6.6	96.2	0.2	67,623,395	129,390	67,494,005	64,239	0.5	96.6	0.1				
	1914	13	24	9	3,183	21	3,160	22	0.7	96.6	0.7	30,119,056	112,294	29,906,762	77,679	0.6	96.1	0.4				

* Includes the group "All others."

* Less than one-tenth of 1 per cent.

* Includes the group "Individuals."

TABLE 10.—NUMBER AND HORSEPOWER OF TYPES OF PRIME MOVERS, 1919, 1914, AND 1909.

POWER.	NUMBER OF ENGINES OR MOTORS.			HORSEPOWER.					
	1919	1914	1909	Amount.			Per cent distribution.		
				1919	1914	1909	1919	1914	1909
Primary power, total.....	3,598	3,437	1,794	128,249	125,428	190,600	100.0	100.0	100.0
Overhead.....	174	429	962	40,697	90,692	54,712	31.7	71.6	28.6
Steam.....	334	470	394	69,942	79,666	71,694	54.5	63.6	37.1
Engines.....	893	(?)	(?)	35,167	(?)	(?)	27.6		
Turbines.....	21	(?)	(?)	18,635	(?)	(?)	14.7		
Internal combustion engines.....	146	390	261	4,492	5,113	4,633	3.5	4.2	2.4
Water wheels, turbines, and motors.....	79	72	67	6,372	5,691	6,390	5.0	4.7	3.3
Refrigerating.....	4,394	2,614	952	47,442	39,930	15,694	37.3	31.8	8.0
Electric.....	4,394	2,614	952	47,442	39,930	15,694	37.3	31.8	8.0
Other.....									
Electric.....	7,999	5,790	2,657	190,363	161,117	26,991	148.6	128.6	14.0
Refrigerating.....	4,394	2,614	952	47,442	39,930	15,694	37.3	31.8	8.0
Generated by establishments reporting.....	2,399	2,679	1,120	52,421	52,323	22,221	41.2	41.6	11.6

* Figures for horsepower include for 1909 the amount reported under the head of "Other" owned power.

* Not reported separately.

AGRICULTURAL IMPLEMENTS.

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TABLE 11.—FUEL CONSUMED, BY STATES: 1919.

STATE.	Cen- sus year.	COAL.		Coke (tons, 2,000 pounds).	Fuel oil (bar- rels).	Gas- oline and other volatile oils (bar- rels).	Gas (1,000 cubic feet).	STATE.	Cen- sus year.	TOTAL		Coke (tons, 2,000 pounds).	Fuel oil (bar- rels).	Gas- oline and other volatile oils (bar- rels).	Gas (1,000 cubic feet).
		Anthra- cite (tons, 2,240 pounds).	Bitumi- nous (tons, 2,240 pounds).							Anthra- cite (tons, 2,240 pounds).	Bitumi- nous (tons, 2,240 pounds).				
United States	1919	13,067	549,567	115,308	542,547	20,654	431,393	Minnesota	1919	3	3,64	420	35	134	28
	1914	8,083	555,271	104,398	200,000	(¹)	234,510		1914	3	5,707	1,407	309	(¹)	60
Per cent of in- crease.		52.3	-1.0	10.5	55.0	(¹)	85.5	New Jersey	1919	7,315	30	2,405	4,050	61	629
									1914	607	291	306	1,711	(¹)	326
California	1919	63	430	607	13,195	4,772	14,916	New York	1919	2,086	50,910	10,565	25,354	930	3,320
	1914	21	364	113	2,057	(¹)	5,106		1914	2,100	62,900	12,497	41,197	(¹)	9,564
Georgia	1919		3,980	2,360		838		Ohio	1919	27	42,777	11,523	10,525	281	174,734
	1914	4	4,739	1,531	6	(¹)			1914		44,408	9,069	9,558	(¹)	165,264
Illinois	1919	36	206,205	43,202	141,104	3,082	206,742	Pennsylvania	1919	3,104	10,851	1,177	12,215	184	1,485
	1914	206	209,840	68,503	131,231	(¹)	5,000		1914	2,690	10,000	1,001	11,017	(¹)	2,109
Indiana	1919	31	56,326	15,326	60,664	9,420	1,015	Tennessee	1919	3	5,114	3,962	25	75	344
	1914	35	45,630	10,040	13,700	(¹)	726		1914		5,045	5,065	56	(¹)	
Iowa	1919	5	4,240	2,420	3,082	604	4,545	Wisconsin	1919	20	41,330	11,064	24,434	4,115	11,171
	1914	301	7,873	1,365	579	(¹)	2,704		1914	96	25,342	6,340	6,613	(¹)	8,854
Kentucky	1919		3,967	66	120	5	12,215	All other states	1919	736	6,443	3,080	5,965	900	1,727
	1914		9,305	960	3	(¹)	362		1914	2,301	9,517	3,635	9,436	(¹)	5,909
Michigan	1919	43	31,040	4,000	4,461	112	1,720								
	1914	115	25,243	2,006	11,705	(¹)									

¹ Included in figures for fuel oils.

² A minus sign (-) denotes decrease.

SPECIAL STATISTICS.

Certain additional detailed information concerning the quantity and value of products for the industry is collected by means of supplemental schedules, data for which are presented in Table 12. In 1919, of the four specified classes of agricultural implements shown, "Plows and cultivators" was first in importance, measured by value of products, constituting 41 per cent of the total for the four groups and 21.4 per cent of the total value of all products of the industry. "Harvesting implements" held first position in this group in 1914 and was second in importance in 1919.

Large increases are shown in the values of "All other agricultural implements" and "Amount received for repair work" during the five-year period from 1914 to

1919, amounting to \$36,261,347, or 130.2 per cent, and \$11,509,243, or 800.8 per cent, respectively. During this five-year period "All other products" shows an increase of \$37,223,012, or 119 per cent. In 1919 "All other products" included tractors valued at \$42,697,610; engines, \$3,223,103; wagons, \$2,647,859; automobiles, \$2,190,067; and other miscellaneous products to the value of \$17,741,394. In an analysis of Table 12, relative to the number of the different kinds of implements manufactured from census to census, consideration should be given to the fact that in making comparisons there is considerable variety of sizes and types as well as to the fact that some establishments failed to report the number of implements separately.

TABLE 12.—DETAILED STATISTICS OF QUANTITY AND VALUE: 1919, 1914, 1909, AND 1904.

	1919	1914	1909	1904		1919	1914	1909	1904
Products, total value.....	\$304,062,265	\$164,086,630	\$146,329,266	\$112,007,344	Planters and seeders—Con.				
Flows and cultivators.....	65,329,111	38,662,067	36,791,477	30,667,960	Seed sowers, hand, field.....	86,763	12,686	7,847	59,910
Planters and seeders.....	17,680,680	12,186,787	12,141,474	11,223,122	Seed drills, hand, garden.....	6,971	43,113	(¹)	(¹)
Harvesting implements.....					Other planters and seeders.....	16,186	9,124	(¹)	(¹)
Haystack and hay loaders.....	4,772,640	3,235,630			Harvesting implements.....				
Mowers and rakes.....	60,169,191	36,974,709	34,566,121	30,962,635	Grain.....	151,466	215,360	129,274	106,810
Other.....	9,282,650	6,372,947			Corn.....	28,506	52,067	19,863	6,924
Seed separators.....					Grain cradles.....	16,330	39,728	22,633	30,050
Thrashers.....	16,360,273	9,832,943	11,036,412	6,639,803	Grain elevators for use on farm.....	1,960	(¹)	(¹)	(¹)
Other.....	5,771,670	3,034,146			Haystacks.....				
All other agricultural implements, including parts.....	44,136,127	27,947,180			Form.....	6,528	1,401	1,400	661
All other products.....	60,585,053	31,277,961	44,600,067	30,700,648	Push.....	2,517	(¹)	(¹)	(¹)
Amount received for repair work.....	12,940,109	1,437,361	3,114,092	1,908,296	Harvesters and thrashers combined.....	2,762	279	643	3,161
Principal kinds of implements.....					Other.....	22,967	2,758	1,797	(¹)
Implements of cultivation.....					Reapers.....	4,167	(¹)	(¹)	(¹)
Chisel plows.....	Number 7,000	Number 3,184	Number 3,172	Number 3,436	Hay cutters.....	11,660	44,377	45,064	86,121
Hand, garden, or garden plow.....	119,065	129,061			Hay forks, horse.....	6,580	21,976	43,675	62,801
For up to two horse.....	306,122		600,006	220,115	Hay loaders.....	20,570	26,661	24,705	27,174
Wheeled.....					Hay racks.....	61,265	136,360		
For two.....	144,319	167,329	630,429	245,086	Saws.....	18,208	23,304	296,260	236,297
Two rows.....	11,947	21,906			Side delivery.....	14,270	20,213		
Cotton weavers.....	10,007	17,527	20,186	22,329	Hay stacks.....	7,066	9,437	17,212	8,070
Fertilizing machines.....	62,564	180,564	(¹)	(¹)	Hay loaders.....	10,292	9,766	34,366	25,740
Harrows.....					Hay presses.....	7,164	(¹)	(¹)	(¹)
For two.....	170,713	206,077	191,000	160,373	Mowers.....	151,113	274,521	300,364	272,385
Spring tooth.....	79,552	167,370	112,520	96,000	For hay making.....	130,062	37,700	(¹)	(¹)
Spoke tooth.....	222,796	369,219	394,066	262,442	Forso diggers, horse.....	12,494	25,756	25,032	11,705
Land rollers.....	8,604	22,430	(¹)	(¹)	Reapers.....	6,569	56,962	26,294	60,996
Land packers.....	19,301	(¹)	(¹)	(¹)	Stack cutters.....	16,032	(¹)	(¹)	(¹)
Loaders.....	11,060	17,913	44,840	21,012	Other.....	1,006,087	13,746	(¹)	(¹)
Flows.....					Seed separators.....				
For two.....	15,431	15,706	21,132	36,146	Chisel rollers.....	167	324	457	331
Corn.....	62,240	15,930	21,006		Corn linkers.....	1,194	341	318	1,327
Shovel.....	166,962	151,910	224,727	121,790	Corn linkers and shreders.....	2,964	4,330	1,204	(¹)
Engines.....	4,903	3,365	3,303	3,590	Corn pickers.....	6,078	(¹)	(¹)	(¹)
Roller (single).....	66,969	106,232	134,000	130,000	Corn shellers.....	57,372	63,366	74,223	47,160
Tractor.....	96,636	(¹)	(¹)	(¹)	Hand.....	6,896	11,113	9,009	6,062
Wagon.....	720,574	670,414	1,100,000	866,900	Feeding mills.....	15,592	23,047	31,905	22,094
Pulverizers.....	7,134	12,729	(¹)	(¹)	Feed stuffs.....	10,314	(¹)	(¹)	(¹)
Other.....	26,260	65,006	(¹)	(¹)	Thrashers.....				
Planters and seeders.....					Harvesters.....	2,766	362	827	2,317
Seeders.....					Reapers.....	96,162	15,246	12,667	7,666
Brushcut.....	18,360	24,173	44,070	23,546	Other.....	9,566	6,212	(¹)	(¹)
Wagon or engine.....	10,061	16,122	(¹)	(¹)	Miscellaneous.....				
Seed attachments.....	11,319	16,000	(¹)	(¹)	Early machinery.....				
Corn planters.....					Corn separators.....	11,205			
Hand.....	20,060	101,830	96,061	66,551	Other.....	1,004			
Horse.....	91,976	114,402	121,796	96,030	Measure separators.....	85,801			
Cotton planters.....	17,476	101,206	79,271	127,000	Equalizers.....	17,669			
Planters.....	3,064	57,911	21,000	26,766	Leaf graders.....	22,173			
For two.....	20,000	55,760	20,137	28,339	Feed graders.....	18,971	(¹)	(¹)	(¹)
Grain.....	42,256	69,379	40,903	79,016	Handing cutters.....	18,013			
All other.....	6,479	10,666	32,007	616	Seed trucks.....	229			

¹ In addition to the amounts shown, agricultural implements to the value of \$4,403,360 in 1919, \$4,003,707 in 1914, \$2,960,276 in 1909, and \$1,549,679 in 1904 were made by establishments engaged primarily in the manufacture of products other than those covered by the industry designated.

² Not reported.

³ Not reported separately.

⁴ Includes 20,000 combination mowers.

⁵ Includes 10,200 disk drills of all kinds.

Summary, by states.—Table 13 gives, by states, the total value of each of the four principal groups of agricultural implements, as reported at the censuses of 1919, 1914, and 1909.

TABLE 13.—COMPARATIVE SUMMARY—FOUR CHIEF GROUPS OF AGRICULTURAL IMPLEMENTS, BY STATES, 1919, 1914, AND 1909.

PRODUCT AND STATE.	1919	1914	1909	PRODUCT AND STATE.	1919	1914	1909
Products and cultivation, value.....	\$65,329,111	\$38,662,067	\$36,791,477	Products and cultivation, value.....	\$21,564,943	\$13,066,296	\$11,000,413
Illinois.....	19,822,080	11,610,278	13,905,417	Illinois.....	5,990,286	2,182,086	1,947,006
Indiana.....	12,615,919	6,447,620	6,996,784	Indiana.....	(¹)	(¹)	1,405,296
Ohio.....	6,794,384	4,437,081	5,062,194	Ohio.....	(¹)	(¹)	2,744,913
New York.....	4,794,272	3,176,912	3,248,210	New York.....	(¹)	2,109,551	1,762,161
Wisconsin.....	3,029,820	2,427,159	2,328,079	Wisconsin.....	1,321,861	665,017	828,817
Michigan.....	1,114,658	(¹)	(¹)	Michigan.....	1,195,974	1,264,290	859,106
Minnesota.....	867,413	(¹)	(¹)	All other states.....	6,552,871		1,536,412
Nebraska.....	791,360	604,113	1,147,063				
South Dakota.....	380,600	(¹)	(¹)	Planters and seeders, value.....	\$7,690,660	\$12,168,757	\$12,141,474
All other states.....	6,069,000	3,701,767	4,334,273	Illinois.....	5,990,555	3,616,220	4,142,394
Manufacturing implements, value.....	\$4,724,740	\$9,186,266	\$4,368,131	Ohio.....	(¹)	(¹)	2,744,913
Illinois.....	15,960,790	17,177,513	22,417,513	Indiana.....	(¹)	(¹)	1,405,296
New York.....	4,904,325	4,947,000	5,906,777	Wisconsin.....	(¹)	3,035,703	1,839,396
Ohio.....	2,833,137	2,073,736	2,475,737	New York.....	665,139	665,000	247,667
Wisconsin.....	1,633,696	996,560	1,137,701	All other states.....	11,677,799	4,087,782	2,387,437
All other states.....	1,669,069	2,546,626	2,366,616				

¹ Included in "All other states" to avoid disclosing the operations of (industrial) establishments.

In 1919 Illinois ranked first in the value of its manufactures of each of these four principal classes of agricultural implements. In 1914 Wisconsin held first position in the manufacture of seed separators, but the exact figures for the state were not published separately in order to avoid disclosing the operations of

individual establishments. In 1919, measured by value, about two-thirds of the harvesting implements, over two-fifths of plows and cultivators, nearly one-third of planters and seeders, and about one-fourth of seed separators were manufactured in Illinois.

GENERAL TABLES.

Table 14 gives for 1919, 1914, and 1909, by states, the number of establishments, average number of wage earners, primary horsepower, wages, cost of materials, and value of products for the agricultural-implement industry.

Table 15 presents, for 1919, statistics in detail for the industry as a whole, and for each state that can be shown separately without the possibility of disclosing the operations of individual establishments.

TABLE 14.—COMPARATIVE SUMMARY, BY STATES, 1919, 1914, AND 1909.

STATE	Consum- ing year.	Number of estab- lish- ments.	Wage earners (aver- age num- ber).	Primary horse- power.	Wages.	Cost of mate- rials.	Value of prod- ucts.	STATE.	Con- sum- ing year.	Num- ber of estab- lish- ments.	Wage earners (aver- age num- ber).	Primary horse- power.	Wages.	Cost of mate- rials.	Value of prod- ucts.
United States	1919	529	51,369	126,349	\$6,384	\$144,372	\$361,961	New York	1919	40	4,626	12,736	\$5,512	\$9,940	\$29,421
	1914	606	66,430	121,420	31,580	72,500	164,957		1914	46	5,392	11,774	3,428	7,973	14,572
	1909	640	70,551	130,601	28,600	60,307	146,379		1909	57	5,717	10,741	3,270	6,515	14,971
California	1919	24	1,179	4,490	1,000	2,717	9,094	North Carolina	1919	17	230	421	244	319	877
	1914	28	794	1,333	300	900	1,902		1914	17	140	260	71	96	302
	1909	25	622	1,186	651	1,941	2,670		1909	22	152	256	50	90	282
Georgia	1919	13	490	2,072	654	1,517	5,670	Ohio	1919	46	4,935	10,470	5,670	12,907	26,536
	1914	18	577	1,586	280	661	1,509		1914	50	5,064	11,677	5,820	7,410	17,485
	1909	17	532	1,307	190	283	1,117		1909	55	5,907	9,987	3,150	6,319	14,460
Illinois	1919	68	21,188	54,400	26,342	65,180	129,285	Pennsylvania	1919	27	1,374	3,096	1,511	2,506	5,536
	1914	71	15,546	30,414	11,000	22,878	65,339		1914	36	2,003	4,472	1,121	1,907	4,814
	1909	79	18,240	35,010	11,719	24,824	57,206		1909	36	2,401	3,842	1,225	2,062	4,905
Indiana	1919	30	5,502	10,901	7,401	12,415	31,824	Tennessee	1919	14	727	2,041	720	1,237	2,518
	1914	30	3,905	10,950	1,536	5,487	12,791		1914	17	517	1,450	252	394	1,122
	1909	26	4,749	9,254	2,302	4,954	12,570		1909	16	545	1,220	204	473	1,034
Iowa	1919	36	990	2,390	1,082	2,625	5,959	Vermont	1919	10	241	1,141	209	291	601
	1914	31	1,380	2,439	794	2,752	5,215		1914	9	311	1,245	182	216	690
	1909	47	1,315	2,514	662	2,117	4,757		1909	11	350	1,194	140	272	562
Kansas	1919	10	120	260	119	455	730	Virginia	1919	14	780	507	242	300	926
	1914	17	64	273	87	154	315		1914	20	360	509	122	160	494
	1909	16	126	451	74	152	269		1909	16	272	500	117	244	516
Michigan	1919	20	2,700	6,187	2,902	5,649	11,080	Washington	1919	9	140	320	179	446	913
	1914	30	1,141	5,911	1,430	5,640	7,731		1914	7	134	202	145	184	392
	1909	22	2,100	4,105	1,360	2,900	8,273	Wisconsin	1919	54	4,237	10,673	7,542	18,446	45,623
Minnesota	1919	56	301	720	490	1,555	2,341		1914	44	5,143	9,196	2,196	4,676	20,119
	1914	62	872	2,499	207	1,074	2,863		1909	65	2,706	7,360	3,546	8,952	11,411
	1909	67	1,404	1,490	402	1,490	3,064	All other states	1919	63	1,020	2,821	1,452	3,434	6,904
Missouri	1919	11	254	600	203	900	1,452		1914	67	1,840	4,117	940	1,747	3,400
	1914	14	240	742	147	270	570		1909	79	1,460	4,546	930	1,679	4,064
	1909	20	436	1,060	219	301	591								
New Jersey	1919	10	374	301	539	749	1,365								
	1914	9	270	615	176	445	851								
	1909	10	228	723	112	377	750								

MANUFACTURES

TABLE 15.—DETAILED STATEMENT FOR THE INDUSTRY, BY STATES, 1919

STATE.	PERSONS ENGAGED IN THE INDUSTRY.										WAGE EARNERS DEC. 15, OR NEAREST REPRESENTATIVE DAY.										EXPENSES.		
	Number of establishments.	Total.				Clerks, etc.		Wage earners.				Hand over.		Under 16.		Capital.	Salaries and wages.						
		Total.	Prior to and from month.	Salaried officers, superintendents, and managers.	Males.	Females.	Average number.	Number, 10th day of—		Total.	Males.	Females.	Males.	Females.	Officials.		Clerks, etc.						
								Maximum month.	Minimum month.														
United States.....	523	47,177	523	2,960	7,376	2,345	54,766	Fe 36,745	Aug 40,453	57,529	56,439	962	80	1	Dollars.	Dollars.	Dollars.						
California.....	34	2,263	29	66	420	164	1,576	Ja 2,112	Aug 1,184	1,635	1,909	15	1	1	10,032,513	407,297	766,729						
Colorado.....	3	39	4	4	2	1	19	no	no	22	21	1	1	1	194,106	8,880	2,090						
Georgia.....	10	974	3	26	35	14	960	Fe 1,060	Ja 730	914	906	9	7	1	2,632,690	121,946	63,761						
Illinois.....	44	26,556	27	1,050	3,540	632	25,454	Fe 25,943	Aug 15,626	23,262	22,511	419	33	1	136,484,836	3,906,176	4,934,713						
Indiana.....	29	2,169	19	513	979	164	1,558	Dec 6,115	Apr 3,654	6,122	5,957	176	9	1	42,533,365	1,039,909	1,432,434						
Iowa.....	26	1,141	30	65	60	55	936	Dec 965	Aug 954	1,017	965	22	10	1	3,252,354	127,904	156,642						
Kansas.....	19	1,192	14	16	14	9	129	Ja 130	Ja 106	146	140	1	1	1	1,226,922	41,900	26,306						
Kentucky.....	6	1,272	4	30	366	100	779	Mar 634	Aug 627	636	626	11	1	1	3,362,435	60,432	429,661						
Michigan.....	23	2,239	9	139	271	133	2,796	Apr 3,143	Nov 2,110	2,722	2,665	64	1	1	11,470,160	404,969	569,626						
Minnesota.....	16	915	8	30	61	25	301	no	no	668	549	5	1	1	2,623,932	115,826	77,908						
Montana.....	14	915	4	14	37	15	254	Ja 345	Dec 190	237	256	1	1	1	1,993,814	42,544	41,245						
Nebraska.....	4	62	36	3	1	1	46	no	no	62	64	1	1	1	344,004	2,190	1,771						
New Jersey.....	15	363	16	36	59	26	310	Ja 294	no	171	306	1	1	1	2,386,136	68,579	69,192						
New York.....	40	5,529	21	209	699	181	4,636	Fe 5,541	Aug 3,779	4,269	5,134	124	1	1	27,473,112	596,142	815,815						
North Carolina.....	17	269	14	17	6	8	236	Dec 261	Ja 235	239	236	1	1	1	140,260	60,747	41,553						
Ohio.....	66	1,391	37	290	561	309	4,951	Mar 1,611	July 1,406	3,263	3,766	67	1	1	27,664,967	946,901	1,195,549						
Pennsylvania.....	27	1,462	22	74	159	66	1,671	Mar 1,655	no	967	1,361	1,694	11	1	1	6,626,104	229,091	269,467					
Tennessee.....	14	636	11	31	62	17	221	Mar 636	July 636	636	791	19	1	1	2,126,435	64,000	16,162						
Vermont.....	10	365	2	11	6	6	261	Mar 365	July 236	266	251	1	1	1	626,145	41,993	9,212						
Virginia.....	11	263	4	22	17	6	209	Ja 262	Ja 155	254	256	1	1	1	636,236	60,814	18,429						
Washington.....	9	177	9	19	4	1	146	Ja 267	no	145	123	122	1	1	805,236	66,519	12,183						
Wisconsin.....	34	2,341	21	119	1,090	146	3,237	Mar 3,463	Aug 1,866	3,519	3,964	6	12	1	54,936,339	1,900,179	2,964,729						
All other states.....	42	640	31	61	61	24	494	.....	.....	475	460	4	2	1	2,765,247	133,266	96,425				
EXPENSES—continued.																							
STATE.	Subsist and wages—continued.		Rent and taxes.		Fuel materials.		Value of goods.		Value added by manufacture.		Primary horsepower.				Electric horsepower generated in central station, month report 1911.								
	Wage earners.	For mechanic work.	Rent of factory.	Taxes, Federal, state, and local.	Principal materials.	Fuel and rent of power.	Value of goods.	Value added by manufacture.	Total.	Steam engines (and turbines).	Steam turbines.	Internal combustion engines.	Water power. ¹										
														Owned.									
														Dollars.		Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
United States.....	\$6,764,436	\$11,471	\$69,412	\$1,966,459	\$23,585,431	\$5,099,152	\$24,969,385	\$46,996,522	\$26,249	54,197	13,863	4,992	6,873	47,442	52,432								
California.....	1,966,599	24,716	16,412	1,050,313	3,862,172	124,926	4,999,596	3,779,497	1,969	31	616	.....	1,957	194								
Colorado.....	81,634	1,930	.....	680	36,126	5,630	132,660	64,664	.....	.....	.....	.....	.....	.....			
Georgia.....	643,669	6,746	614	194,949	1,765,970	54,640	3,471,560	3,062,693	3,977	149	27	.....	1,306	.....								
Illinois.....	25,443,571	67,961	26,943	4,734,654	60,969,496	2,267,411	129,254,734	65,179,696	54,669	52,930	65,134	73	1,960	25,812	24,879								
Indiana.....	7,365,165	26,779	3,452	2,093,023	12,675,495	467,454	35,631,733	25,356,411	56,464	3,949	1,206	79	2,023	1,969	2,191								
Iowa.....	1,962,275	191	2,149	154,429	2,795,546	61,661	2,959,129	3,136,952	1,596	349	90	.....	1,992	.....								
Kansas.....	111,411	1,645	2,396	3,467	446,797	6,962	796,914	84,661	.....	.....	.....	.....	.....	.....			
Kentucky.....	966,749	.....	2,776	632,572	2,341,572	26,654	4,475,137	2,137,124	2,912	616	.....	.....	.....	.....					
Michigan.....	3,960,969	427	2,960	4,467,729	9,652,596	399,594	11,969,590	8,942,393	6,197	2,961	50	.....	1,154	.....								
Minnesota.....	699,576	293	1,473	26,639	1,693,790	43,670	2,267,331	946,941	723	369	14	.....	.....	.....						
Montana.....	372,549	1,966	4,796	51,942	774,676	21,661	3,966,779	654,563	656	296	11	.....	315	.....								
Nebraska.....	60,199	14	4,737	1,739	187,987	9,551	341,529	141,949	146	70	61	.....	314	.....								
New Jersey.....	299,614	.....	1,694	66,363	671,149	70,559	3,964,455	664,665	665	139	346	.....	37	.....								
New York.....	11,511,574	4,932	25,679	372,669	9,652,596	399,594	11,969,590	8,942,393	6,197	2,961	50	.....	1,154	.....								
North Carolina.....	349,719	1,369	614	59,963	104,661	61,361	979,154	592,296	830	12	1,112	.....	.....	.....						
Ohio.....	5,470,619	1,966	95,660	375,960	12,675,495	564,967	36,669,669	10,479	4,179	2,433	1,565	229	2,962	5,960									
Pennsylvania.....	1,749,299	1,630	.....	126,461	2,469,777	111,694	5,636,111	2,970,439	2,966	1,931	.....	.....	.....	.....					
Tennessee.....	720,969	3,463	.....	96,961	1,174,729	62,966	2,834,669	1,979,391	1,641	1,971	6	.....	.....	.....						
Vermont.....	291,471	.....	.....	11,344	265,735	20,147	669,963	239,963	1,141	229	49	.....	.....	.....						
Virginia.....	369,671	1,366	7,966	47,966	767,924	21,799	3,969,613	657,963	667	366	27	.....	34	.....								
Washington.....	458,469	1,366	.....	436,967	436,967	11,799	61,966	667,192	667	.....	.....	.....	.....	.....				
Wisconsin.....	2,344,632	70	61,969	1,341,364	3,969,613	43,969,613	43,969,613	25,157,777	17,673	1,966	2,879	.....	.....	.....						
All other states.....	699,179	360	31,666	65,716	656,799	36,966	2,666,466	1,162,133	1,166	627	199	.....	.....	.....						

† Signs similar reported to us at some other months.

* Includes water wheels and turbines (irrespective of variability of water supply), and water turbines operated by water from city mains.

* Usually starting within 1000 ft of nearest (or preferred) outlet. When power (voltage) drops, shut off or transmitted power from neighboring power plants.

* An other state eligible: Alabama, 1; Arkansas, 2; California, 2; Florida, 2; Idaho, 2; Louisiana, 2; Maine, 2; Maryland, 2; Massachusetts, 2; Minnesota, 2; Missouri, 2; Montana, 2; Nebraska, 2; Nevada, 2; New Hampshire, 2; New Jersey, 2; New Mexico, 2; New York, 2; North Carolina, 2; North Dakota, 2; Ohio, 2; Oklahoma, 2; Oregon, 2; Pennsylvania, 2; Rhode Island, 2; South Carolina, 2; South Dakota, 2; Tennessee, 2; Texas, 2; Utah, 2; Vermont, 2; Virginia, 2; Washington, 2; West Virginia, 2; Wisconsin, 2; Wyoming, 2.

DEPARTMENT OF COMMERCE

HERBERT HOOVER, SECRETARY

BUREAU OF THE CENSUS

W. M. STEUART, *Director*

MANUFACTURE AND SALE
OF
FARM EQUIPMENT
1922



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MANUFACTURE AND SALE OF FARM EQUIPMENT: 1922.

INTRODUCTION.

This special report is the third of an annual series. The first, Department Circular 212, covering the year 1920, was prepared and published by the Department of Agriculture, Bureau of Public Roads. The second was one of the reports of the biennial census of manufactures for 1921, taken by the Bureau of the Census, Department of Commerce. The report for 1922 presents the results of a mail canvass of manufacturers of farm equipment.

The canvass.—Blank schedules were mailed to all establishments which had reported the manufacture of farm equipment for 1921, and to others presumed to be engaged in the manufacture of such equipment in 1922, whose addresses were taken from trade directories. Of the 1,787 blank schedules mailed 58 were returned unclaimed, 683 were returned with the explanation that the establishments to which they had been sent were out of business or idle, or had not manufactured any farm equipment in 1922, and 107 elicited no reply, although second and third requests for reports were sent. It is likely that most of these 107 concerns which failed to reply had not made any farm equipment in 1922, and it is certain that none of them was of any importance in this line of manufacture.

Of the establishments from which replies were received 8 promised to make reports, but failed to do so. Of these 4 had reported, for 1921, products valued at more than \$100,000 and the remaining 4 had reported products to the value of more than \$50,000 but less than \$100,000. The combined value of the farm equipment manufactured by these 8 establishments in 1921, however, represented only about one-half of 1 per cent of the total value of farm equipment made in that year. It is obvious, therefore, that the lack of completeness of the returns was not sufficient to impair materially the value of the statistics compiled therefrom.

A few establishments reported for their fiscal year instead of for the calendar year 1922, but the number of these establishments was so small that for all practical purposes the statistics represent production and sales during the calendar year 1922.

Scope of inquiry.—The canvass for 1922, like that made for 1920 by the Department of Agriculture, covered only production and sales, whereas the inquiry for 1921 was of broader scope, being made as a part of the biennial census of manufactures, for which data were collected in regard to number of wage earners and other employees, amounts of wages and salaries, cost of materials, etc. The statistics for 1921, however, so far as they relate to production, are comparable with those for 1922, and the production figures for both years are, it is believed, fairly comparable with those for 1920. (See Table 1.)

Inclusion of equipment for use elsewhere than on farms.—In the case of certain classes of equipment—for example, horse-drawn vehicles, water pumps, and wind-mills—it was impossible to separate those sold to agriculturists from those sold to other consumers. Thus the statistics for these classes of equipment overstate somewhat the output destined for farm use, but the greater part of the production is sold to farmers. Automobiles and motor trucks have not been included for the reason that, although the proportion of these machines sold to farmers is large, it is not large enough to justify treating the entire output as farm equipment (it being impossible, as in the case of horse-drawn vehicles, etc., to separate sales to farmers from sales to other consumers).

Attachments and parts.—The schedule called for data in regard to attachments and parts for each class of farm equipment, but some of the manufacturers failed to classify them within the specified groups. It has been necessary, therefore, to include attachments and parts to the value of approximately \$8,000,000 in the "All other, not elsewhere specified" item in Table 13.

Total production, including estimate for establishments which failed to report.—As already explained, 8 establishments, whose combined output in 1921 represented only about one-half of 1 per cent of the total value of farm equipment reported for that year, failed to make returns for 1922. The combined production of these establishments in 1922, estimated on the assumption that it formed the same proportion of the total as in 1921, would be approximately \$1,125,000, and the addition of this amount to the total of \$209,640,000, actually reported, gives an estimated complete total of \$210,765,000.

Pronounced decrease in production.—The returns show a striking decrease, amounting to 36.1 per cent, in the total value of farm equipment manufactured in 1922 as compared with the total for 1921. This decrease being greater than had been expected, a test of the substantial accuracy and completeness of the data was made by comparing the reports received from 50 of the largest establishments for 1922 and for 1921 and by addressing special inquiries to those establishments. This investigation brought out the fact that, taking the 50 establishments as a group, their production in 1922 represented a decline of approximately 40 per cent as compared with the preceding year. Several manufacturers stated that they had cut down production and were disposing of their surplus stock.

It will be seen by reference to Table 1 that the value of the output of every class of farm equipment except gas tractors, horse-drawn vehicles, and barn and barnyard equipment was smaller in 1922 than in 1921, and in most cases very much smaller. The decline in values, however, probably overstates somewhat the actual decline in production. In the case of every class of products for which both number and value are given in Table 1, except haying machinery and steam tractors, the decline in 1922 as compared with 1921 was greater in value than in number, or a decline in value was accompanied by an increase in number, or the increase in value was less than that in number, and when the comparison is made between 1922 and 1920 every item except steam tractors shows a greater decrease in value than in number. In other words, there was a general reduction in prices during the period covered. No attempt should be made, however, to compute average prices per unit, for the reason that the distribution of the various machines or implements in each group according to kind and size was not necessarily approximately the same in one year as in another. To illustrate: The total value of planting machinery reported for 1922 was equal to slightly less than half that shown for 1921, whereas the number of machines reported for 1922 was considerably more than half as large as for 1921. This condition, however, could have resulted wholly or in part from a decrease in the proportion of large and relatively high-priced machines. Average unit values should not, therefore, be computed for the groups shown in Table 1, but the general tendency of values to decline to a greater extent than numbers reflects the effect of price reductions, which are a matter of common knowledge.

Sales statistics.—The sales statistics for 1922 cover both complete implements and attachments and repair parts and represent sales by all establishments canvassed. The sales figures for 1921, however, refer only to complete machines or implements and were reported almost wholly by 427 establishments engaged primarily in the manufacture of "agricultural implements," whereas production data for that year were secured from a total of 1,146 establishments which manufactured various classes of "farm equipment," including some which are not treated for census purposes as "agricultural implements"—for example, tractors, horse-drawn vehicles, barn equipment, water pumps, and windmills. No sales statistics for 1921 are given,

MANUFACTURE AND SALE OF FARM EQUIPMENT: 1922.

3

therefore, for items 8a, 9, and 11 in Table 1, and the sales figures for the other items are incomplete because they do not cover attachments and parts.

The total of the domestic and foreign sales, even if the data were complete, would not be exactly equal to the total value of all products manufactured, for the reason that some of the products sold in 1922 were manufactured in 1921, while some of the products manufactured in 1922 were not sold until 1923.

TABLE 1.—SUMMARY OF FARM EQUIPMENT MANUFACTURED AND SOLD, BY CLASSES: 1922, 1921, AND 1920.

[Figures for 1920 compiled by Bureau of Public Roads, Department of Agriculture.]

CLASS.	Year	Number of establishments.	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
			Number.	Value (expressed in thousands).	Number.	Value (expressed in thousands).	Number.	Value (expressed in thousands).
Total	1922	996		\$28,640		\$22,908		\$21,063
	1921	1,140		23,041		(1)		(1)
	1920	568		536,945		471,442		66,626
1. Planting machinery	1922	105	149,230	4,214	192,415	5,241	8,613	449
	1921	96	310,855	8,441	309,572	5,876	9,699	696
	1920	84	672,248	20,097	609,862	21,612	16,622	1,454
2. Plows and listers	1922	96	441,800	9,690	455,936	11,215	58,133	1,401
	1921	106	599,200	12,007	607,790	9,071	102,207	2,648
	1920	79	1,369,574	43,222	1,265,979	37,006	221,077	7,200
3. Tillage implements	1922	105		4,777		5,472		325
	1921	105		10,436		7,449		990
	1920	92		25,919		20,686		1,965
4. Cultivators	1922	105	259,535	4,272	305,773	5,571	12,723	226
	1921	102	447,627	8,265	369,365	6,545	41,890	292
	1920	61	686,179	13,186	599,620	17,290	45,965	670
5. Haying machinery	1922	36	154,367	7,625	149,567	8,631	14,320	734
	1921	42	219,429	10,230	139,412	6,776	39,969	1,407
	1920	29	411,526	24,710	329,112	19,067	94,011	6,290
6. Harvesting machinery	1922	66	90,365	15,822	80,387	11,242	16,542	2,747
	1921	71	119,111	18,026	60,667	8,977	33,923	8,840
	1920	53	232,177	41,015	169,829	30,626	41,324	7,339
7. Machines for preparing crops for market or use	1922	196	172,258	18,264	166,938	19,873	39,024	3,487
	1921	139	87,033	21,436	64,459	15,032	9,690	1,998
	1920	129	196,772	35,402	159,913	24,749	30,229	3,010
8. Tractors:								
(a) Gas	1922	81	96,092	52,179	101,192	52,446	10,232	6,458
	1921	94	73,199	30,265	(1)	(1)	(1)	(1)
	1920	80	295,207	180,560	162,998	161,806	29,143	30,830
(b) Steam	1922	14	396	1,095	519	1,421	36	323
	1921	14	1,169	2,874	724	1,727	72	148
	1920	11	1,796	4,961	1,401	3,903	131	270
9. Horse-drawn vehicles	1922	111	143,544	11,955	156,207	13,430	2,626	116
	1921	223	92,876	8,961	(1)	(1)	(1)	(1)
	1920	65	449,090	62,423	430,419	60,929	3,610	539
10. Barn and barnyard equipment	1922	90		4,536		4,306		2
	1921			430		437		
11. Miscellaneous	1922	104		79,224		62,836		1,494
	1921			173,738		(1)		(1)
	1920			61,144		62,426		2,495

¹ The sales statistics for 1921 relate exclusively to complete machines and were compiled almost wholly from returns made by 427 establishments classified in the "agricultural implements" industry. No sales data were collected for that year from establishments manufacturing gas tractors, horse-drawn vehicles, bare equipment, and miscellaneous farm equipment. (See "Sales statistics," p. 2.)

² Figures for 1920 relate to bare equipment only; no data for 1920.

TABLE 2.—PLANTING MACHINERY MANUFACTURED AND SOLD: 1922.

KIND.	Number of establishments.	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number.	Value.	Number.	Value.	Number.	Value.
Total.....	100	190,230	\$4,214,337	192,415	\$5,541,017	8,613	\$449,108
Corn planters:							
Hand.....	8	41,157	45,054	23,300	28,619	680	961
1-row.....	19	8,806	100,217	9,879	177,247	433	6,510
2-row.....	22	12,917	600,708	20,033	936,391	265	13,722
Cotton planters, 1-row.....	12	4,478	40,517	6,779	58,442	30	1,110
Combination corn and cotton planters:							
1-row.....	18	9,590	187,328	12,444	211,582	323	5,952
2-row.....	8	3,801	143,250	4,007	186,874	100	4,280
Combined listers and drills.....	10	5,930	342,388	9,401	395,307	69	2,821
Potato planters, horse.....	14	6,618	413,091	6,877	430,190	199	11,549
Grain drills, horse.....	20	16,741	1,516,006	20,771	1,432,936	2,102	265,425
Grain drills, tractor.....	6	860	98,089	943	108,909	138	16,554
Transplanters, horse-drawn.....	3	1,246	77,519	1,099	99,934		
Broadcast seeders:							
Wheel (horse-drawn).....	12	1,501	54,953	2,226	72,511	464	27,708
End gate.....	7	6,839	73,502	7,710	85,239		
Hand (wheelbarrow and other).....	9	28,550	70,328	46,099	77,310	1,139	3,629
Seed drills (horse-drawn).....	4	185	10,017	180	12,593	1	40
Other planters or drills.....	22	29,942	169,180	18,295	137,902	2,661	26,180
Attachments and parts.....	28		325,086		436,816		52,071

¹ Includes corn planters other than those specified above, alfalfa, orchard, and bean drills, hand potato planters, etc.

TABLE 3.—PLOWS AND LISTERS MANUFACTURED AND SOLD: 1922.

KIND.	Number of establishments.	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number.	Value.	Number.	Value.	Number.	Value.
Total.....	96	441,900	\$9,080,330	450,826	\$11,215,030	58,133	\$1,401,448
Horse-drawn moldboard plows:							
1-horse.....	45	96,209	553,896	82,138	420,170	14,128	116,140
Walking (2-horse and larger).....	64	190,708	1,830,104	187,972	1,878,920	26,060	250,801
Bulky—							
1-bottom.....	26	8,814	300,941	13,336	561,085	1,616	66,701
2-bottom.....	21	6,678	608,484	10,136	628,026	4,004	254,801
3-bottom and larger.....	3	357	61,989	620	65,148	164	14,322
Two-way moldboard plows:							
Walking.....	13	27,637	290,908	16,396	186,033	6,896	72,098
Bulky.....	10	4,126	265,036	4,399	293,162	54	3,902
Horse-drawn disk plows:							
Single-disk.....	6	714	31,277	636	19,466	270	11,431
2-disk.....	11	2,346	129,676	4,901	253,300	565	21,220
3-disk and larger.....	3	692	62,044	1,000	62,536	162	12,071
Tractor moldboard plows: ¹							
1-bottom.....	12	41,590	3,380,168	44,730	3,726,031	3,431	144,821
2-bottom.....	10	2,308	261,002	2,493	360,964	465	55,501
3-bottom and larger.....	9	264	23,981	282	42,912	176	21,846
Tractor-drawn disk plows:							
1-disk.....	10	4,604	342,958	4,997	360,478	131	10,431
2-disk.....	9	1,928	100,734	1,654	147,495	113	9,431
3-disk.....	9	522	44,797	540	27,046	37	4,591
3-disk and larger.....	10	443	69,450	415	64,922	42	10,391
Horse-drawn listers ("middle-bursters"):							
1-bottom.....	16	7,032	137,234	10,455	232,679	118	9,301
2-bottom.....	8	2,195	131,015	2,553	152,785	220	18,438
Tractor-drawn listers ("middle-bursters"), 2 and 3 bottom: ²							
1.....	1	1,144	91,040	1,390	78,969		
2.....	9	26,673	72,500	24,909	100,542	390	58
Other plows and listers: ³	19	6,804	267,291	6,514	270,258	293	36,131
Attachments and parts.....	30		1,067,264		1,821,849		268,445

¹ One-bottom tractor moldboard plows included in "Other plows and listers."

² Five-bottom and larger plows could not be shown separately without disclosing the operations of individual establishments and are therefore included in 4-bottom and larger.

³ Combined in order to avoid disclosing operations of individual establishments.

⁴ Includes 1-bottom tractor moldboard plows, subsoil plows (600), valued at approximately \$30,000, etc.

TABLE 4.—TILLAGE IMPLEMENTS MANUFACTURED AND SOLD: 1922.

KIND. ¹	Number of establishments	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number.	Value.	Number.	Value.	Number.	Value.
Total.....	105	(²)	\$4,776,692	(²)	\$5,471,596	(²)	\$325,189
Harrow:							
1-horse (spike-tooth and spring-tooth).....	30	14,412	124,110	21,052	165,952	451	3,328
Spike-tooth harrow sections.....	47	98,640	623,366	125,616	781,432	4,343	26,671
Spring-tooth harrow sections.....	21	67,246	800,826	65,052	716,492	10,665	174,839
Horse-drawn disk harrows.....	31	45,457	1,410,929	61,327	1,833,396	1,079	62,218
Tractor-drawn disk harrows.....	24	24,492	1,432,665	27,303	1,570,192	509	48,028
Other harrows.....	15	4,211	69,372	5,699	74,335	85	1,080
Weeders.....	16	6,320	69,142	6,251	66,292	175	10,025
Smooth land rollers.....	16	1,777	52,671	1,848	85,077		
Soil pulverizers and packers.....	28	2,940	139,091	3,395	156,859		
Other tillage implements.....	6	1,907	54,710	1,968	51,671		

¹ For cultivators, see Table 5.² Total number not shown because spike-tooth and spring-tooth harrows were reported only as sections.³ Land levelers, alfalfa tillers, and stone booms.

TABLE 5.—CULTIVATING MACHINERY MANUFACTURED AND SOLD: 1922.

KIND.	Number of establishments	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number.	Value.	Number.	Value.	Number.	Value.
Total.....	105	299,535	\$4,272,453	306,773	\$5,571,020	12,723	\$225,628
Cultivators (row crops):							
Motor.....	12	1,500	135,092	1,162	118,861	21	19,804
Horse-drawn (straddle-row)—							
1-row, walking.....	36	30,661	477,145	25,853	592,905	511	5,890
1-row, riding.....	42	87,090	1,909,256	87,069	2,777,768	1,180	51,491
2-row.....	27	11,293	610,490	16,109	896,067	310	16,455
1-horse.....	21	58,619	291,132	74,793	381,397	5,189	32,427
Beet cultivators.....	12	931	28,028	1,112	37,709	2	143
Hand cultivators (wheeled hoes).....	24	102,956	309,862	95,804	282,326	5,178	22,645
Other cultivators.....	23	5,836	162,158	5,881	173,257	331	31,755
Attachments and parts.....	33		358,814		410,333		45,229

¹ Tractor-drawn and horse-drawn orchard cultivators, goose-neck, corn-turner, hiller, chisel, push, alfalfa, quack-grass, and sled cultivators; tobacco hoes, etc.

TABLE 6.—HARVESTING MACHINERY MANUFACTURED AND SOLD: 1922.

KIND.	Number of establishments	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number.	Value.	Number.	Value.	Number.	Value.
Total.....	68	80,365	\$11,821,948	90,337	\$11,242,310	16,512	\$2,747,411
Grain binders.....	5	38,332	4,900,922	38,723	4,752,129	11,143	1,663,605
Grain headers.....	5	5,126	801,110	5,271	596,172	740	225,829
Combined harvesters and threshers.....							
Width of cut, 10 feet and less.....	4	2,735	2,085,916	1,417	1,179,718	854	605,614
Width of cut, over 10 feet.....	5	111	350,017	191	647,655		
Corn binders (row).....	6	9,638	1,137,604	13,036	1,542,909	624	51,085
Corn harvesters (not binders).....	9	796	43,745	619	33,390		
Field-cake respers.....	7	1,909	142,451	626	42,002	2,607	198,114
Potato-digging machines (elevator type).....	12	15,562	1,118,991	14,393	1,018,226	604	44,293
Potato diggers (plow type).....	17	4,914	85,064	5,115	87,037	45	702
Pea and bean harvesters.....	13	1,657	67,902	1,686	98,787		
Beet lifter.....	7	990	32,380	736	26,879	91	3,781
Other harvesting machinery.....	8	879	160,811	1,732	231,839	4	570
Attachments and parts.....	19		909,832		825,357		36,728

¹ Rice binders, field-corn pickers, corn huskers, Kaffir-corn headers, peanut harvesters, etc.

TABLE 7.—HAYING MACHINERY MANUFACTURED AND SOLD: 1922.

KIND.	Number of establishments.	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number.	Value.	Number.	Value.	Number.	Value.
Total.....	50	154,367	\$7,624,723	150,367	\$6,830,723	14,320	\$753,790
Mowers.....	12	80,484	3,853,400	80,445	4,309,646	9,063	519,300
Rakes, sickle (dump).....	18	30,019	730,791	41,818	975,019	3,464	86,511
Rakes (side-delivery).....	11	9,155	300,882	10,435	600,424	142	10,020
Rakes (sweep).....	12	9,051	287,141	12,706	380,683	319	6,922
Twineers.....	13	3,128	290,676	6,543	830,184	379	21,024
Loaders.....	12	13,861	1,060,484	18,015	2,180,932	6	506
Stackers.....	13	1,611	135,334	3,462	257,526	27	1,420
Other haying machinery.....	9	2,965	36,118	3,024	43,664		
Attachments and parts.....	14		740,790		730,630		86,313

¹ Combined sweep rakes and stackers, bunchers, windrowers, pea-vine rakes, etc.

TABLE 8.—MACHINES FOR PREPARING CROPS FOR MARKET OR USE MANUFACTURED AND SOLD: 1922.

KIND.	Number of establishments.	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number.	Value.	Number.	Value.	Number.	Value.
Total.....	186	172,259	\$18,280,645	166,935	\$19,673,361	36,024	\$5,486,967
Grain threshers (wood):							
Width of run, 60" and under.....	33	3,021	2,396,034	3,013	2,917,136	760	666,100
Width of run, 61" and over.....	21	1,717	2,132,379	1,801	2,291,377	180	209,089
Grain threshers (steel):							
Width of run, 60" and under.....	12	2,822	1,805,023	2,407	2,132,519	945	813,060
Width of run, 61" and over.....	7	667	728,646	840	934,936	171	279,146
Feed and bean threshers.....	10	648	185,217	683	199,288	2	486
Knotters and rubber cutters (silo fillers).....	41	11,461	2,169,760	11,840	1,607,407	679	72,322
Corn shellers (hand).....	23	39,682	235,744	36,760	169,536	7,062	82,439
Corn shellers (power):							
Feeding (2, 4, 6, and 8 hole).....	17	4,179	530,081	4,457	871,664	524	16,327
Cylinders.....	11	727	328,436	861	368,963	45	18,331
Corn bunchers and choppers.....	14	2,911	976,640	3,264	1,079,235	11	4,344
Hay presses:							
Hand.....	19	1,938	369,722	1,368	233,490	357	66,938
Engine.....	22	1,980	802,513	2,105	954,354	235	90,686
Feed grinders and crushers:							
Hand.....	13	42,086	151,796	11,796	50,247	26,286	77,360
Power.....	42	42,572	1,166,212	45,977	1,272,011	1,850	51,862
Grain cleaners and graders (for small grain only).....	27	4,842	145,980	4,652	123,968	423	50,034
Other machines for preparing crops for market or use.....	41	7,961	1,228,180	7,608	1,239,438	384	155,911
Attachments and parts.....	37		2,279,373		2,642,654		679,427

¹ Rice threshers, peanut pickers, clover hullers, root cutters, vegetable pulpers, corn shapers, peanut shellers, cleaners, and graders, almond hullers, corn cleaners, rice shellers, brown-corn shapers, onion tappers, feed cutters, bean sorters, potato sorters and graders (3,135, valued at \$246,327), etc.

TABLE 9.—GAS AND STEAM TRACTORS MANUFACTURED AND SOLD: 1922.

KIND.	Number of establishments.	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number.	Value.	Number.	Value.	Number.	Value.
Total	86	100,088	\$32,347,822	101,711	\$33,860,771	10,288	\$6,680,948
Gas tractors, complete	81	99,692	49,848,471	101,192	49,735,964	10,232	6,226,076
Wheeled type, by belt h. power							
8 or less	8	756	216,654	544	157,223	82	21,916
9-18	15	80,631	24,898,407	79,719	23,581,294	9,801	2,140,338
19-22	17	5,245	8,829,917	8,782	5,314,350	897	656,569
23-26	10	609	937,972	907	680,613	383	225,884
27-32	21	6,031	7,812,705	4,773	5,743,612	1,252	1,918,194
33-39	12	239	468,852	285	562,828	5	6,379
40-55	13	738	1,886,532	1,039	2,967,380	84	343,747
60 and over	11	539	1,204,661	372	1,231,378	13	38,729
Tracklaying (caterpillar) type (all sizes) ¹	8	4,187	9,019,937	3,066	7,712,857	726	971,630
Garden type ²	4	898	132,854	1,100	185,100	9	2,666
Steam tractors, complete	14	396	1,064,871	519	1,421,161	56	223,298
Attachments and parts	16		2,326,480		2,703,649		231,574

¹ Some garden tractors may have been erroneously reported as of the wheeled type, 8 or less horsepower.

² Can not be shown by size without disclosing operations of individual establishments.

TABLE 10.—GAS TRACTORS MANUFACTURED AND SOLD: 1916 TO 1922.

	1916	1917	1918	1919	1920	1921	1922
Number manufactured	29,670	62,742	132,697	164,390	203,207	73,198	90,692
Number sold in the United States	27,819	49,304	98,470	136,162	162,988	(1)	101,192
Number sold for export	(2)	14,434	36,351	19,686	29,143	(3)	10,232

¹ Department Circular 212, United States Department of Agriculture, 1923.

² No data.

TABLE 11.—HORSE-DRAWN VEHICLES MANUFACTURED AND SOLD: 1922.

KIND.	Number of establishments.	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number.	Value.	Number.	Value.	Number.	Value.
Total	111	143,548	\$11,952,302	138,207	\$13,410,347	2,029	\$115,001
Farm wagons							
1-horse	36	13,791	770,790	14,612	804,430	19	1,649
Light 2-horse (2,500 pounds)	49	17,307	1,441,798	19,450	1,610,561		
Medium 2-horse (4,500 pounds)	57	36,529	2,015,726	23,403	2,294,289	173	9,318
Standard 2-horse (4,500 pounds)	42	15,694	1,548,908	19,595	1,911,424	95	7,401
Heavy 2-horse (7,500 pounds)	33	6,436	734,179	6,919	793,894	57	5,471
Horse-drawn farm trucks							
With wood wheels	40	13,273	649,836	14,271	719,036	433	14,268
With metal wheels	36	15,821	540,488	15,140	541,708	551	16,095
Light spring vehicles	17	2,912	234,819	2,678	218,292	308	18,478
Truggies	19	39,018	5,081,965	42,139	5,350,432	444	39,190
Attachments and parts	49		934,808		1,147,036		4,345

¹ Gross loaded weight.

TABLE 12.—BARN AND BARNYARD EQUIPMENT MANUFACTURED AND SOLD 1922.

KIND.	No. of establishments	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number	Value.	Number	Value.	Number	Value.
Total	90		\$4,335,630		\$4,335,614		\$1,796
Overhead feed and litter carriers (box and gating only)	20	9,500	280,657	9,732	304,392		
Hay carriers	16	37,780	383,517	42,036	341,909	3	20
Truck for carriers (feed)	24	2,433,977	375,624	2,535,546	396,145	1,100	145
Hayforks (sharp-point, grapple, etc.)	13	45,996	160,933	45,064	165,190		
Hay slings	14	33,024	138,516	33,086	129,319		
Feed trucks	17	966	30,039	992	30,996		
Stanchions	32	367,152	631,093	363,449	919,979	174	876
Manger partitions and stings	22	39,119	41,263	39,549	77,637	545	302
Stalls and fittings (not including stanchions and manger divisions)	36	113,651	931,829	113,737	610,535	174	1,059
Stock tanks and waterers	26	78,054	830,962	79,673	670,634		
Hog troughs	24	171,636	223,606	171,739	224,333	262	364
Other barn and barnyard equipment	23		240,457		244,223		

* Feed chutes, hog feeders, hog sties, dipping tanks, steel stock pens, stock racks, etc.

TABLE 13.—MISCELLANEOUS FARM EQUIPMENT MANUFACTURED AND SOLD 1922.

KIND.	Number of establishments	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number	Value.	Number	Value.	Number	Value.
Total	574		\$79,223,807		\$83,986,136		\$5,693,766
Beckers' supplies	16		1,179,300		1,200,827		24,659
Cane mills	4	2,437	163,063	1,974	91,469	563	55,421
Cider mills	12	27,626	439,058	27,962	436,373	3	2,361
Dairy machinery							
Milk-making machine	14	4,170	979,390	9,472	1,226,590	261	48,598
Cream separators—							
Hand	16	96,555	5,163,474	114,093	6,136,364	6,429	355,793
Power	4	1,474	320,298	1,549	449,555	117	25,662
Butter-making equipment	4		543,115		565,995		6,387
Cheese-making equipment	3		180,742		181,742		
Refrigerators	12	12,076	139,437	14,969	185,494	60	649
Farm elevators (portable)	17	2,551	162,290	3,350	424,359		
Farm elevators (stationary)	12	1,093	271,964	1,079	293,564		
Fertilizer distributors (hand-drawn)	23	14,845	167,947	19,475	196,190	19	671
Forks, hoes, rakes, and shovels	24	4,119,474	3,429,754	4,170,945	3,963,236	514,366	279,090
Internal-combustion engines—							
a b p. and other stationary and portable for farm purposes only	67	110,746	7,949,036	96,529	5,471,599	19,633	1,274,721
Auto cranes and cranes	9	136,070	197,745	136,369	197,913	96	71
Tractor units	4	247,492	266,462	229,096	294,537	36,796	26,389
Lighting units (gas)	18	4,072,646	739,079	3,729,382	732,478		
Lime spreaders	12	2,300	111,025	2,314	121,099	92	1,101
Mower spreaders	20	24,913	2,349,798	26,521	3,406,130	59	4,090
Portable corn cobs	9	1,044	127,090	960	141,394		
Portable grain bins	11	2,843	279,330	2,822	276,969	27	309
Poultry-farm equipment							
Incubators	14	394,810	4,965,090	195,247	4,793,390	7,695	125,495
Brooders	26	194,690	1,954,790	199,129	1,993,679	5,827	95,461
Other	33		1,199,577		1,455,959		1,399
Water pumps							
Hand only	44	649,597	2,790,777	604,090	2,609,959	16,064	227,399
Hand or windmill	26	172,629	1,519,690	157,214	1,191,581	12,429	169,502
Power only	61	67,732	4,474,630	61,661	4,769,973	7,543	139,962
Pump parts	4		303,322		389,149		

* Hand pump rollers and tread pumps were called for on this schedule, but none was reported.

TABLE 13.—MISCELLANEOUS FARM EQUIPMENT MANUFACTURED AND SOLD: 1922—Continued.

KIND.	Number of establishments	MANUFACTURED.		SOLD IN UNITED STATES.		SOLD FOR EXPORT.	
		Number.	Value.	Number.	Value.	Number.	Value.
Pump jacks.	44	6,664	\$375,791	45,029	\$730,900	1,117	\$10,424
Pushcarts and trucks.	8	4,363	25,457	4,226	24,990		
Seed-potato cutters.	5	1,408	12,823	1,962	13,540	23	290
Saws.	36	7,944	2,688,694	7,966	2,682,349	51	27,767
Spraying outfits, power, complete.	23	11,051	2,167,825	10,732	2,068,291	279	79,186
Spraying outfits, hand, complete.	19	80,871	703,235	73,844	631,530	5,621	65,105
Spray pumps, power, not included above.	13	6,013	263,892	7,693	273,628	225	11,445
Spray pumps, hand, not included above.	16	101,852	660,292	95,085	530,444	5,773	25,415
Sprayer parts.	5		33,140		33,140		
Scrapers.	5	5,010	66,303	5,134	67,897	181	1,503
Shed cutters.	15	709	26,448	2,606	90,135	1	38
Stump pullers (power).	10	1,511	140,206	1,400	134,797	35	8,199
Stump evaporators, complete, and pans and kettles.	4		72,902		66,711		1,474
Tank heaters.	17	14,940	150,609	13,285	136,455		
Trucks, tongue.	9	11,806	76,012	16,630	106,124	1,006	7,136
Water-supply systems (farm and house).	19	32,229	3,747,355	29,629	3,414,746	421	35,145
Wheelbarrows.	10	30,141	268,096	49,667	265,001	105	676
Windmills.	31	73,374	3,118,585	62,912	2,319,292	8,350	489,991
Windmill towers.	30	33,981	1,314,444	27,371	1,066,061	7,922	316,460
Wood-sawing machines (circular).	41	13,324	309,250	19,437	398,630	33	708
Wood-sawing machines (drag).	17	4,336	304,653	4,758	297,723	179	15,903
All other, not elsewhere specified.			30,489,665		25,925,489		1,729,846

* Hand stump pullers and tread powers were called for on the schedule, but none was reported.

† This group includes a number of important items, the value of which can not be shown separately without disclosing the operations of individual establishments, namely: Road-making machinery, graders, and ditchers; farm, hand, and engine trucks; lawn mowers; storage and vapor tanks; water post-hole diggers; dump wagons; sile roads; farm lighting plants; washing machines; orchard irrigating systems; steel wheels; milks; milk cans; and bottles and parts. It also includes miscellaneous repair parts, to the value of \$7,034,314; singletrees, doubletrees, and truck yokes, \$486,414; manure-spreaders; parts, \$150,000; 553 gas and oil engines, 9 horsepower and larger, used for farm and irrigation purposes, \$34,347; engine parts, \$51,000; milking-machine parts, \$62,500; and miscellaneous items of minor importance, to the value of approximately \$1,305,998.

TABLE 14.—VALUE OF PRODUCTS MANUFACTURED, FOR PRINCIPAL GROUPS OF FARM EQUIPMENT, BY STATES: 1914, 1919, 1921, AND 1922.

	1922	1921	1919	1914
Tractors, gas and steam	\$33,242,822	\$31,198,819	\$172,667,090	\$17,651,236
Michigan	(*)	16,558,124	42,228,330	2,386,379
Illinois	8,464,440	11,727,633	34,554,180	2,095,928
Wisconsin	8,855,549	9,677,208	48,384,871	3,787,387
California	4,363,593	1,628,466	6,290,569	1,149,690
Indiana	(*)	1,309,914	6,694,879	1,620,422
Ohio	3,458,615	4,180,715	15,553,167	2,114,680
Minnesota	1,891,869	2,275,129	10,588,184	1,466,382
Iowa	755,731	1,659,969	6,994,315	907,000
Pennsylvania	277,461	660,114	(*)	(*)
All other States	25,266,417	3,438,949	3,404,852	1,025,461
Harvesting and haying machinery	19,446,571	20,259,511	54,224,740	36,581,206
Illinois	14,586,410	20,470,541	55,900,760	27,171,311
New York	1,349,461	2,386,910	8,918,210	6,945,000
Ohio	872,533	742,967	2,221,127	2,572,730
Iowa	(*)	(*)	1,616,684	936,300
All other States	2,641,567	6,156,924	3,669,961	2,169,665
Machines for preparing crops for market or use	18,265,949	21,436,400	25,764,943	21,086,286
Illinois	3,734,646	4,236,769	3,908,590	2,185,640
Indiana	3,090,244	1,686,870	(*)	(*)
Wisconsin	2,812,059	5,761,819	(*)	(*)
Ohio	1,941,649	2,729,220	1,186,874	1,364,388
Minnesota	1,626,541	(*)	(*)	(*)
Iowa	1,291,090	(*)	(*)	(*)
New York	1,086,121	467,180	(*)	(*)
Michigan	674,700	(*)	(*)	1,096,042
Pennsylvania	569,249	647,215	1,511,461	980,607
All other States	614,457	6,652,590	14,751,183	8,552,675
Plows, cultivators, and tillage implements	18,729,680	21,797,367	45,528,111	28,665,065
Illinois	1,457,092	15,194,369	29,822,362	17,693,378
Indiana	4,463,101	2,487,103	12,455,400	6,947,000
New York	2,397,569	4,367,457	4,794,870	2,179,000
Ohio	1,458,578	2,840,045	6,795,398	4,627,000
Wisconsin	731,079	2,794,852	2,099,650	2,677,139
Pennsylvania	504,117	479,729	791,540	904,175
California	395,717	272,359	763,102	(*)
Virginia	300,301	(*)	(*)	(*)
Georgia	(*)	466,520	1,114,457	(*)
Tennessee	(*)	419,119	857,632	(*)
Minnesota	157,798	(*)	(*)	(*)
All other States	1,678,811	1,975,724	8,048,215	5,725,707
Planting machinery	6,714,327	6,685,609	17,490,405	12,106,737
Illinois	1,132,521	2,421,700	2,302,515	1,404,225
Ohio	1,049,171	1,494,747	(*)	(*)
Indiana	399,362	(*)	(*)	(*)
Wisconsin	361,980	1,174,960	(*)	2,401,710
New York	162,780	329,764	460,150	443,000
Michigan	176,438	364,141	(*)	(*)
All other States	146,196	2,136,478	11,677,720	6,967,706

* Statistics for 1921 and 1922 include data for machines and implements made in establishments whose chief products were other than agricultural implements. Statistics for earlier years relate only to products manufactured by establishments in the agricultural-implements industry proper.

* Included in "All other States" to avoid disclosing operations of individual establishments.

(5) That the Osborne, Milwaukee, and Champion lines and their appurtenances which were disposed of under the decree were comparatively unimportant when acquired by defendants, and by 1918 sales in these lines had so diminished as to render them negligible when compared with the McCormick and Deering lines retained, and that, therefore, competitive conditions have not been restored in the harvesting machine industry.

(6) That since the sale of the Osborne, Milwaukee, and Champion lines defendants have continued unduly and unreasonably to monopolize and restrain interstate trade and commerce in harvesting machines and their appurtenances in the United States.

(7) That competitors of the defendants were steadily eliminated during the test period under the decree as well as since the expiration of that period.

(8) That defendants have such advantages in resources, organization, selling media, production costs, ownership and manufacture of raw material, and in volume and spread of business as to 1951 be able completely to dominate the business of manufacturing and selling harvesting machines and their appurtenances.

(9) That the trial court erred in holding that "the purpose of preventing undue restraint of trade is to prevent unreasonably high prices to the purchasers and users of the articles traded in."

(10) That the defendants, through their control of a preponderating portion of the trade and commerce in the harvester industry, can and do dictate the prices at which they and their competitors sell harvesting machines and their appurtenances and that, therefore, competitive conditions have not been restored in the harvesting machine industry.

(11) That the trial court erred in dismissing the Government's supplemental petition filed herein July 17, 1923.

The appellant further states that the following parts of the record are necessary for consideration of the points stated:

Supplemental petition.

Answer to supplemental petition.

Statement of testimony.

Opinion of Judge Sanborn.

Dissenting opinion of Judge Stone.

Modification of opinion of Judge Sanborn.

Order dismissing supplemental petition.

Assignment of errors.

Stipulation as to transmittal of Defendants' original Exhibits (S) 8—Ford Dealers' Catalog; D. (S) 23—photographic copies of advertisements; D. (S) 27—illustration of Otwell mower; D. (S) 16 and D. (S) 18—colored charts.

Order as to transmittal of defendants' original Exhibits (S) 8, etc.

Stipulation as to transmittal of petitioner's Exhibits (S) 90—Report of Federal Trade Commission on the high prices of farm implements and

Annual reports of International Harvester Company, 1918-1923.
Order as to transmittal of petitioner's Exhibits (S) 90, etc.

Order of May 28, 1920.

1252 All petitioner's exhibits except (S) 90.

All defendants' exhibits except (S) 8, (S) 16, (S) 18, (S) 23, (S) 27, (S) 33, and (S) 34.

WILLIAM D. MITCHELL,
Solicitor General.

1253 Service of the foregoing statement of the appellant is accepted and acknowledged this 23rd day of December, 1925.

WILLIAM S. ELLIOTT,
VICTOR A. REMY,
Solicitors for the Appellee.

[File indorsement omitted.]

1254 In the Supreme Court of the United States

Designation by appellees of additional parts of record to be printed

Filed Dec. 31, 1925

Appellees state that, in addition to the portions of the record heretofore designated by appellant, the following parts thereof are material and should be printed:

1. The decree of the District Court as entered August 15, 1914.
2. The motion to modify said decree and the suggestions in support thereof, filed August 17, 1914.
3. The Government's statement re motion to modify the decree, filed October 3, 1914.
4. The order reciting the arguments that were made on the motion to modify the decree, made October 3, 1914.
5. The order modifying the decree of August 15, 1914, which was entered October 3, 1914.
6. The stipulation providing for the final decree, dated October 27, 1918.
7. The mandate of the Supreme Court, filed November 2, 1918.
8. The order making the International Harvester Company a party defendant, entered November 2, 1918.
9. The final decree entered November 2, 1918.
10. Defendants' Exhibits (S) 33 and (S) 34.

FRANK H. SCOTT,
WILLIAM S. ELLIOTT,
VICTOR A. REMY,
Solicitors for Appellees.

File No. 31,566. Minnesota D. C. U. S. Term No. 843. The United States of America, appellant, vs. International Harvester Company, International Harvester Company of America, International Flax Twine Company. Filed December 15th, 1925. File No. 31,566.

[File indorsement omitted.]